

Weekend FINANCIAL TIMES

Weekend FT

Jerusalem - the eternally divided city

Greenland's welcome to the real world

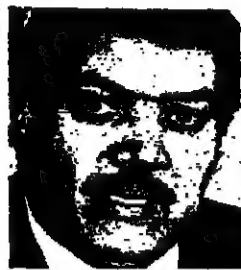
My beautiful Polish launderette

SECTION II

World Business Newspaper <http://www.ft.com>

WEEKEND SEPTEMBER 28/SEPTEMBER 29 1996

Afghan rebels take Kabul and declare an Islamic state



Afghanistan was declared a "complete" Islamic state by leaders of the Taliban Islamic militia who captured the capital, Kabul, after two weeks of military advances. The militia named a six-member council to run the country and underlined their control of the city by killing ex-president Najibullah (left), the country's last communist leader, and his brother. Page 24

Smokers sue UK cigarette makers: Imperial Tobacco and Gallaher, producers of 80 per cent of the cigarettes sold in the UK, are being sued by a group of 40 former smokers who have entered an historical "no win, no fee" arrangement with their lawyers. Page 24

Slovenian poll recount rejected: International observers of the Slovenian elections rejected a demand for a recount by the tribunal it had appointed to ensure fair play in the poll. Page 3

Japanese election date set: Japanese prime minister Ryutaro Hashimoto ended months of uncertainty by dissolving parliament and calling a general election for October 20. Page 3

G7 to consider debt relief: The Paris Club of bilateral creditors has referred the question of contributions toward a debt relief plan for poor countries to a Group of Seven meeting in Washington today after failing to reach an agreement. Page 2

Ousted Thai PM calls surprise poll: Thai prime minister Banharn Silpa-archa, forced by key allies to declare that he would quit by today, called fresh elections on November 17. Page 3

Cathay Pacific managing director Rod Eddington has resigned from the Hong Kong carrier to head Ansett Australia, the Australian airline 50 per cent owned by a unit of Mr Rupert Murdoch's News Corp. Page 5

Spending cuts in Spanish budget: The Spanish government approved a budget which plans to cut Ptas800bn (\$6.3bn) off previous spending targets and aims to lower next year's public deficit to 3 per cent, the qualification target for joining the European single currency in 1999. Page 2; Lex, Page 24

Two held in VW spy case: Two German men were held by police after one confessed to planting a camera at the test track of carmaker Volkswagen and sold photographs of four of the company's prototypes to car industry publications.

London stocks up in cautious trade: London stocks closed up 13.2 points with the FT-SE 100 at 3,948.4, slightly down from its daily high after late selling of gilts and a weak opening on Wall Street. UK markets remained wary of talk of overvaluation in the US and elsewhere. In a week in which interest rates remained unchanged in the US and UK after monetary policy meetings, the FT-SE 100 fell 17.7 points. Page 31; World stocks, Page 19; Markets, Weekend Page XXIV

Hill signs for Arrows: Britain's Damon Hill, one point away from securing the Formula One drivers' championship, has signed for next season with the TWI. Arrows team run by former driver Tom Walkinshaw.

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European leaders call for talks to resume as death toll rises in Middle East

Peace plea as Israelis shoot down protesters

By Judy Dempsey in Jerusalem

Israeli troops yesterday shot dead three Palestinians on Jerusalem's Temple Mount as Britain, France and Germany called for an immediate resumption of the peace negotiations between Mr Benjamin Netanyahu, the Israeli prime minister, and Mr Yasir Arafat, president of the Palestinian Authority.

The Palestinians died after Israeli troops fired on youths who were throwing stones close to the Al-Aqsa mosque, Islam's third holiest site. It was the third successive day of fighting between Israeli troops, young Palestinians and armed Palestinian police which has already claimed the lives of 53 Palestinians and 14 Israelis.

Mr Netanyahu placed the burden on Mr Arafat to stop the violence. "He must personally intervene and stop the incitement," he told a news conference.

He insisted he was prepared to resume the peace negotiations but would not say when. "I am telling him (Arafat) our hand is stretched out in peace."

Mr Arafat yesterday ordered his 30,000-strong paramilitary police to shoot only in self-defence, and the Voice of Palestine, the Palestinians' official radio, called for peaceful demonstrations.

But the fighting spread to the northern West Bank at Jenin, and to Palestinian towns on the Israeli border at Tulkarem and Qalqilia, as well as in the Gaza Strip.

Inside Israel itself, the nearly 1m strong Israeli Arab population staged strikes and demonstrations in sympathy with their Palestinian brethren.

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Prime minister Benjamin Netanyahu (right), with defence minister Yitzhak Mordechai, centre, and chief of staff Amnon Shahak, yesterday tells a Jerusalem press conference Israel will negotiate with the Palestinians once the current violence has ended.

Israeli army commander, warned he would use tanks and armoured personnel carriers where "it was necessary" to quell the fighting.

Mr Netanyahu and Mr Arafat have not yet agreed when or where to meet or under what conditions, stimulating international fears that the peace process was rapidly unravelling. Britain, France and Germany sent almost identical letters to both leaders. Mr John Major, the British prime minister, Mr Jacques

Chirac, the French president and Mr Helmut Kohl, the German Chancellor, appealed for calm.

"We are sending you a joint, solemn appeal to make the necessary calming gestures," the letters said. They also called for "an immediate resumption of negotiations at the highest level" as well as the full implementation of agreements reached in the 1995 Israeli-Palestinian Interim Agreement on the West Bank and Gaza.

Mr Netanyahu said he was still considering an invitation from Mr Hosni Mubarak, the president of Egypt, to host a meeting in Cairo. "There was an invitation from president Mubarak. I did not rule it out. I am prepared to consider it. There will be a meeting," he added.

In Washington, Mr Bill Clinton, the US president who is facing re-election in November, refrained from criticising Israel. In New York, Mr Warren Christopher, US secretary

of state, was planning to meet Israeli, Egyptian and Syrian foreign ministers in a bid to keep the peace process afloat.

President Hafez al-Assad, the Syrian president, in an interview with CNN, warned of a slide into war if negotiations did not resume between Israel and Syria on a return of the Golan Heights.

Outraged Arab world, Page 3; Men In The News, Page 3; Eternal Divide, Weekend FT Page 1

Italian markets rise on budget moves

By Robert Graham in Rome, Andrew Hill in Milan and Richard Lapper in London

Italian markets rose strongly yesterday as the government prepared to approve a tough austerity budget for 1997. The budget is designed to reduce Italy's public sector deficit close to 3 per cent of gross domestic product, and has reinforced market optimism

that Italy could become a founding member of European monetary union in 1999.

The lira reached its highest level since 1994 against the D-Mark, closing in London at 988.7 to the German currency, compared with 1,001 overnight. In Milan, the Comit General stock market index gained 2.3 per cent to close at 833.25.

Yields on Italian 10-year bonds yesterday fell by about a

fifth of a percentage point to yield 2 1/2 per cent.

Overall the Italian government intends to find about L50,000bn (\$32.8bn) in fresh taxes and spending cuts. Last July the government forecast it would raise only L32,000bn through a combination of new taxes and spending cuts. That

would have reduced the deficit to 4.5 per cent of GDP next year.

Since then the slowdown in the domestic economy has caused a shortfall in treasury receipts of some L4,000bn, but the government has also decided it must seek to comply with Maastricht within the 1997 deadline.

Mr Romano Prodi, prime minister, said the first phase of

the budget would total L38,000bn-L37,000bn. A further L18,000bn would be raised early in the new year in the form of a "Maastricht" tax, he said. The tax would be applied to all except the poorest on a sliding scale of income.

Mr Prodi has been obliged to place more emphasis on new

Continued on Page 24
Lex, Page 24

French unions furious at record unemployment total

By David Buchanan in Paris

France's jobless rate rose to a record 12.6 per cent in August, underlining slackness in the economy and fuelling union anger over unemployment and government budget cuts.

The unemployment rate, reported by the labour ministry yesterday, was 0.1 percentage points above last month's figure and a full point higher than a year ago.

This was despite the claim by President Jacques Chirac and Mr Alain Juppé, the prime minister, to have made job-creation their "priority of priorities".

The number of job-seekers rose by 39,500 in August, bringing the total to 3,085m and reversing a decline in

July. Mr Juppé yesterday made "a solemn appeal" to employers to hire more young people.

The prime minister has become a target of rising criticism, and his stock, even in his own gaullist RPR party, is falling as unemployment rises.

This week Mr Chirac gave him support by sending a message to RPR deputies at their party meeting in Deauville complaining of the virulence of some backbench attacks on Mr Juppé and calling for loyalty.

The Elysees denied a report in yesterday's pro-government newspaper Le Figaro claiming that Mr Juppé had insisted on the presidential message of support and even threatened to resign. But the prime

minister, who has called a vote of confidence in his economic policy at next Wednesday's start of the autumn parliamentary session, feels he has been betrayed by some RPR deputies.

One complained publicly this week about Mr Juppé's "dogmatism and clumsiness... leading the country towards insurmountable problems and unacceptable inequality".

Meanwhile, many of the main unions are unlikely to make any immediate protest to the government over unemployment and budget cuts because their attention is focused on the fight among themselves for the chair-

Continued on Page 24

FT-SE 100		3,948.4	(+13.2)	US LIBOR INTEREST RATES		NEW STERLING		NEW DOLLAR	
Yield		3.94		Federal Fund, 5.5%		New York bank/prime		New York bank/prime	
FT-SE Eurostoxx 100		1,720.44	(+4.87)	3-mo Treasury bill		S 1.0515		DM 1.0525	
FT-SE-A All-Share		1,943.93	(+0.29)	Long Bond		London:		FF 1.0100	
Nikkei		21,547.88	(+55.88)	Yield		S 1.0577 (1.5624)		SF 1.0000	
New York S&P 500		5,582.58	(-1.29)	3-mo Treasury bill		S 2.0394 (2.0774)		London:	
Dow Jones Ind Ave		5,582.58	(-1.29)	Yield		FF 0.0000 (0.0400)		DM 1.0200 (1.0217)	
S & P Composite		665.23	(-0.63)	Brent Debt		S 1.0500 (1.0554)		FF 0.0000 (1.0000)	
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				Yield		S 2.0394 (2.0774)		SF 1.0000 (1.0000)	
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				Yield		S 2.0394 (2.0774)		DM 1.0200 (1.0217)	
				New York Govt		S 2.0394 (2.0774)		FF 0.0000 (1.0000)	
				Yield		S 2.0394 (2.0774)		SF 1.0000 (1.0000)	
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				Yield		S 2.0394 (2.0774)		DM 1.0200 (1.0217)	
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NEWS: INTERNATIONAL

New government's first annual budget seeks 3% public deficit

Spain slashes spending plan by \$6bn

By David White in Madrid

Spain's centre-right government yesterday approved its first annual budget, slashing Ptas900bn (\$6.3bn) off previous spending plans and aiming to bring next year's overall public deficit down to 3 per cent, the qualification target for joining the European single currency in 1999.

Mr Rodrigo Rato, finance and economy minister, said the increase in central government expenditure would be kept down to 1.7 per cent, a fall in real terms and below the level that had previously been indicated.

The budget bill, which includes a pay freeze for some 2m public sector employees but maintains social benefits, is due to be sent to parliament on Monday. Cabinet approval followed agreement this week between the minority Popular party government and regional parties, ensuring a safe majority in parliament.

Last year the existing budget had to be rolled over when the defection of Catalan regionalists led to parliamentary deadlock for the Socialist government then in power.

The ambitious deficit target compares with an expected 4.4 per cent shortfall this year and a revised 6.6 per cent of gross domestic product for 1996. It is based on hopes of a recovery in economic growth to 3 per cent in 1997 after a 2.3 per cent rate forecast for this year.

Mr Rato said lower unemployment should help revive flagging consumer confidence.

The government is aiming for a year-on-year inflation rate of 2.6 per cent at the end of 1997, compared with a forecast 3.4 per cent in December this year and 4.3 per cent last year.

Government revenues, including a new 4 per cent levy on most insurance policies other than life assurance and a series of additional taxes on services, are set to rise by just under 6 per cent. The central government deficit is planned to fall to Ptas2,008bn or 2.5 per cent of GDP, down from 3.5 per cent. Allowance is made for a further 0.5 point shortfall from social security, regional and local governments.

Mr Rato said an austere budget was the best contribution the government could make towards lower interest rates, which in turn would alleviate the deficit.

Convergencia i Unió, the Catalan party whose support is vital for the government, won a pledge of extra money for health, for which spending is set to rise 8 per cent. Mr Rato said a further Ptas700bn would be available for improving public health services as a consequence of the pay freeze and planned reductions in the cost of medicines.

The planned freeze, which is contested by trade unions, applies to civil servants and other public employees including those of subsidised state companies.

Swedes eager to clarify Palme murder claim

By Hugh Carnegie in Stockholm

Swedish authorities were yesterday trying to assess whether a new claim of South African involvement in the 1986 murder of Olof Palme, the then prime minister, was the breakthrough they have been seeking for more than 10 years - or yet another false lead in the still unsolved crime.

Prosecutors said they were seeking further information from the South African authorities on allegations made in a Pretoria court by Mr Eugene De Kock, the head of an apartheid-era police "hit squad" who was recently convicted of six murders and other crimes.

Mr De Kock alleged Mr Craig Williamson, a former

spy for the South African apartheid regime, had been involved in the assassination of Palme in an operation called "Long Reach". Mr Williamson yesterday denied the claim.

The allegation was seized on by the Swedish media as one of the most significant developments in the Palme case, which has embarrassed and frustrated the authorities for years. The police have followed thousands of leads since Palme was shot in the back as he strolled home unguarded with his wife after visiting a Stockholm cinema.

A possible South African connection was among the leads originally investigated. A former senior police detective yesterday said that police had, at an early stage

in the investigation, received a tip-off that Mr Williamson had headed a four-man squad that carried out the killing but that no evidence had been found.

Palme had been one of the most outspoken critics of apartheid, orchestrating campaigns for sanctions against the country. Sweden became one of the main foreign sources of funds for the African National Congress and other liberation organisations.

Mr Williamson worked closely with Sweden when he infiltrated an international trade union organisation in the 1970s which helped channel funds to black South Africans.

But Swedish officials cautioned yesterday that Mr De Kock's allegations were



Olof Palme: outspoken critic

vague. They also questioned his credibility; his allegations were among a stream of confessions he has offered in mitigation, against his pending sentence.

However, Swedish investigators are likely to want to question him. The South African government has also said it will investigate his allegations.

Troops keep tense peace in Armenia

Tanks and troops enforced a tense

calm in Yerevan, the Armenian capital, yesterday, a day after the government rounded up opposition figures following violent protests against the country's disputed election.

AP reports from Yerevan. A government official said several dozen opposition activists had been arrested. Troops on Thursday also beat people on the streets who tried to stage a fourth day of rallies to protest at President Levon Ter-Petrosian's re-election.

Official results showed that Mr Ter-Petrosian defeated Mr Vazgen Manukyan, a former prime minister, with 52 per cent of the vote to 41 per cent. But Mr Manukyan's supporters claim the government rigged the ballot to ensure the president's support topped the 50 per cent mark needed to avoid a run-off.

Mr Vazgen Siradegian, interior minister, was quoted on the Interfax news agency yesterday as saying authorities were determined "to guarantee the security and constitutional rights of citizens".



An Armenian soldier on duty in central Yerevan yesterday

Group of Seven to decide on contributions to initiative

Paris Club split on debt relief

By Patti Waldmeir in Washington

The Paris Club of bilateral creditors has failed to agree on its contribution to a plan to relieve the debt of the poorest countries, referring the matter to the Group of Seven countries for a decision when they meet today in Washington.

Senior G7 officials met yesterday, ahead of today's session of finance ministers, to try to resolve disagreements over the amount bilateral creditors will contribute to

the joint IMF/World Bank initiative on poor country debt. The two institutions want bilateral creditors to provide debt relief of up to 30 per cent to eligible countries, but the Paris Club dismisses this figure. Its members are struggling to agree on even 80 per cent relief, up from 67 per cent at present.

G7 deputies were understood to be discussing whether the group could commit itself to the 80 per cent figure in its final communiqué. In effect, this would signal agreement

from the whole of the Paris Club, whose members outside the G7 do not oppose the 80 per cent figure.

Mr James Wolfensohn, World Bank president, yesterday said he believed the G7 would agree to proceed on a case-by-case basis "on the basis of some number, certainly not 80 per cent". If the relief offered by the Paris Club was not enough to bring a country's debt burden down to bearable levels "then we'll have to sit around and negotiate", he said, a reference to the fact

that even 80 per cent relief would be insufficient for some countries.

Mr Wolfensohn also said he believed his efforts to change the culture of the World Bank were no longer meeting such stiff resistance from staff. "We're now on the way and 12 months from now you'll see a vastly different bank," he said. The bank would redefine its criteria for assessing loans to focus more on social, economic and environmental results, rather than simply financial returns.

IMF overdraft flexibility urged

By Robert Chote, Economics Editor, in Washington

Mr Philippe Maystadt, Belgian finance minister and chairman of the IMF's key ministerial committee, has urged industrial countries to show greater flexibility in expanding the IMF's overdraft facility for central banks.

Mr Maystadt believes the industrial countries should relax their position now that developing nations have dropped their demand for an across-the-board allocation of "special drawing rights", which allow central banks to borrow foreign exchange

reserves at relatively low interest rates.

The Group of Seven industrial countries has argued for an issue of SDR16bn (\$26bn), skewed towards countries which have joined the Fund since they were last issued in 1981. Mr Maystadt will tell the IMF's interim committee tomorrow that the G7 should raise this towards the SDR26bn skewed allocation proposed by Mr Michel Camdessus, the IMF's managing director.

Mr Camdessus has moderated his position since calling in 1994 - with developing country support - for an across-the-board allocation of SDR36bn. But the US in

particular thinks his new proposal still goes too far.

Mr Maystadt will also urge the committee not to include any specific reference to IMF gold in the section of its communiqué which deals with financing the Fund's contribution to debt relief for poor countries. He will argue that the communiqué should call for the largest possible bilateral contributions from individual governments and, if needed, "optimisation of the Fund reserves management".

Germany, Italy and Switzerland may object to this wording as a rather obvious coded reference to sales of

gold, which they oppose. Mr Maystadt thinks the main focus of the communiqué should be to emphasise a unanimous political commitment to fund debt relief adequately when the money is needed.

The interim committee should also approve an updated version of the so-called Madrid declaration, which it agreed in 1994 as a statement of good practice in economic policy. The declaration urged cuts in government borrowing, prompt adjustment of interest rates to forestall inflation and structural reforms to make economies work more efficiently.

Organisers of Bosnia poll spurn recount

By Paul Wood in Sarajevo and Laura Silber at the United Nations in New York

International organisers of the Bosnian elections yesterday rejected a demand for a recount by the tribunal it had appointed to ensure fair play in the poll.

The Provisional Election Committee (PEC), the ultimate election authority for the Bosnian elections, last night unanimously voted against a request to request the count for Bosnia's general elections.

"The PEC does not believe it is necessary to order a recount," said Ms Nicole Sulic, spokeswoman for the Organisation for Security and Co-operation in Europe (OSCE), which oversaw the Bosnian poll.

The PEC overruled the request from its own watchdog - the OSCE's electoral appeals sub-committee - which earlier yesterday said: "This recount is necessary to rebut the possible influence that the high turnout reported is due to misallocations in the count or fraud."

In light of known obstacles to voting for certain groups of voters, the appeals sub-committee found the voter turnout so high that it raised a significant possibility of fraud and counting irregularities.

In the past two weeks

OSCE officials have repeatedly revised the figures for the elections, including the number of people voting and the turnout.

The appeals sub-committee was acting on a complaint brought by the International Crisis Group, an independent monitoring agency, which found evidence that there had been a turnout of more than 100 per cent.

After the PEC decision, ICG officials warned: "This has destroyed any moral credibility the OSCE has left."

By Monday the OSCE is likely to certify the election results, which confirmed in power the same leaders who waged war against each other for four years. It took a fortnight to tally the results - a recount would have delayed the first meeting of Bosnia's new three-man presidency, which could take place as early as Monday.

International envoys are anxious to press forward with the next phase of the Dayton peace agreement - the building of multi-ethnic institutions.

They remain convinced the elections were crucial. Mr Richard Holbrooke, architect of the Dayton agreement, yesterday said: "Contrary to predictions, it proved to be correct to hold the elections now."

Kremlin attacks media over Yeltsin health

By Christy Freeland in Moscow

The Kremlin yesterday admitted that President Boris Yeltsin would be following a limited work schedule ahead of his planned heart surgery, but hit out at the western media for their intense scrutiny of the ailing Russian leader.

Mr Sergei Yastrzhembsky, the president's spokesman, said that on doctors' orders Mr Yeltsin would be working for only two to three hours a day until his heart bypass operation, scheduled to take place in six to eight weeks.

He said Mr Yeltsin would continue to hold some meetings but that "access to the president is limited" in a restricted working regime

demanded by Kremlin doctors.

Since his abrupt disappearance from public life at the end of June, Mr Yeltsin's health has become the dominant issue in Russian politics and has been doggedly pursued by the western media.

But Mr Yastrzhembsky yesterday accused western reporters, whose coverage has been more hard-hitting than that of the local press, of applying tougher standards to the Kremlin boss than they did to their own leaders.

The Kremlin's admission that Mr Yeltsin will undergo a heart bypass and the public statements by his doctors are a democratic breakthrough in a country which has traditionally treated its

leaders' health as a state secret. However, the openness came only after weeks of intense media speculation about Mr Yeltsin, whose disappearance from public life was officially attributed to a cold, a sore throat, or exhaustion.

Mr Sergei Mironov, head of the presidential medical centre, said on Russian television this week that doctors had told Mr Yeltsin about the need for a heart bypass before the elections, but that he had chosen to focus on the campaign. That revelation could provide new ammunition for the president's Communist opponents, who claim he "misled" the nation by

concealing his health problems during the crucial ballot. Mr Yeltsin's doctors, who include US cardiac surgeon Dr Michael DeBakey, offered additional details about the president's condition this week when they announced the decision to delay his operation.

Surgeons said they would use the time to improve the function of Mr Yeltsin's heart muscle, which they said had been scarred over the summer by "several serious attacks of stenocardia", which occurs when a blood clot clogs an artery blocking the flow of blood to the heart.

Dr DeBakey said a second problem the medical team hoped to correct was internal bleeding, probably in Mr

Yeltsin's gastro-intestinal tract. The surgeon said that the president's kidneys and liver were functioning normally and that he had not suffered a stroke.

But some mystery remained about the physical condition of the Russian leader.

On Russian television, Dr Mironov appeared to admit that Mr Yeltsin had suffered liver problems, but said: "These symptoms have disappeared as a result of therapy and diet."

Western doctors have also expressed some surprise at the operation's delay. Several western cardiac surgeons said that, in the west, doctors would probably spend about a week preparing a patient in Mr Yeltsin's condition for a heart bypass.

INTERNATIONAL NEWS DIGEST

Ramos cancels Subic Bay deal

Philippine President Fidel Ramos yesterday effectively cancelled the decision by Subic Bay Freeport to award the management of its privatised port to Hutchison Whampoa of Hong Kong. Mr Ramos, who earlier this month instructed Subic to reassess its choice of Hutchison rather than International Container Terminal Services (ICTSI), the Philippines' largest port operator, yesterday expressed "displeasure" at Subic's handling of the bids.

In a meeting with Mr Richard Gordon, chairman of Subic Bay, Mr Ramos instructed the freeport to "avoid any premature disclosure of sensitive information under pain of severe disciplinary action". The statement, an indirect threat to sack Mr Gordon should he disobey the president again, in effect removes Subic's right to choose a port manager. ICTSI, which was initially barred from the contract by Subic because it controlled the country's largest port in Manila, appealed to Mr Ramos this week when Subic upheld Hutchison as its original choice. The freeport said Hutchison had submitted a superior business plan despite offering only \$20.5 per standard container compared to ICTSI's \$27.

Mr Gordon, who has made no secret of his ambition to run for the presidency in 1998, accused Mr Ramos of leaking the decision to the media 88 hours before the president was formally notified.

Edward Luca, Manila

Police halt Suu Kyi congress

Burmese security forces surrounded the home of democracy leader Ms Aung San Suu Kyi yesterday and detained 109 members of her National League for Democracy in order to prevent a party congress from taking place. The move by the military junta could trigger economic sanctions against Burma under a US law expected to be signed soon by President Bill Clinton.

Ms Suu Kyi, who previously spent nearly six years under house arrest, was not re-arrested but access to her home was sealed off and her phone was disconnected. Diplomats said the NLD congress had planned to discuss a new constitution for the country - an illegal act under a recent security law. The government said it had detained all those who planned to attend the meeting and had taken them to "guest houses" for questioning. On Thursday Burma's state-run media said Ms Suu Kyi would soon be charged with political crimes, prompting international concern that the Nobel Peace Prize winner would be arrested.

Ted Bardeack, Bangkok

OECD dilemma on S Korea

Western governments are divided over whether South Korea can join the Paris-based Organisation for Economic Co-operation and Development as a full member unless it improves legal rights for workers and trade unions. Korea has promised to change legislation dating from the days of military dictatorship in the 1960s. But the president's employment commission is deadlocked and unable to make recommendations.

The OECD heads of government want to decide on Korean membership at a meeting on October 10. If the commission cannot reach agreement by October 1, the Korean government is expected to make its own proposals on labour reform. But it emerged last week that some OECD countries would welcome South Korean membership even if the labour rights issue remains unresolved.

Robert Taylor, London

Former Carrian chief jailed

Mr George Tan, former head of the Carrian group, once one of Hong Kong's 10 biggest companies, was yesterday jailed for three years, ending one of the colony's longest and most expensive fraud cases. He admitted two charges of plotting fraud involving \$230m against Bank of China Malaysia Finance and its parent Bank Bumiputera Malaysia. He was not ordered to bear any of the HK\$210m (US\$27m) costs of the 13-year investigation and trials, a possibility raised by the judge earlier in the week. Mr Tan admitted using front companies to borrow money, which was then funnelled into the Carrian group. The debts spiralled out of control when Hong Kong's property market collapsed in 1982. Carrian was estimated to have net debts then of about HK\$7.8bn.

Louise Lucas, Hong Kong

German engineering setback

New orders for the German engineering industry fell 18 per cent in August compared with a year earlier, the VDMA engineering industry association said yesterday after its survey of 1,200 larger engineering companies. A 16 per cent fall in foreign orders was explained by an unusually high set of orders in August 1995, the VDMA said, but it could not offer an explanation for a 30 per cent drop in domestic orders. More reliable three-month figures showed new orders 6 per cent lower than in the June-August period last year.

Engineering analysts, who have been banking on a gradual recovery of the German engineering industry after its worst postwar recession, also seemed perplexed by the August orders. VDMA officials warned that August was traditionally the least reliable month for statistics because of the holidays.

Generally, however, the prospects for German engineering companies were better because the dollar and the lira, the two most important competing currencies, had been rising slowly against the D-Mark this year, the VDMA said.

Michael Lindemann, Bonn

Maastricht boost for Irish

The Irish Congress of Trade Unions yesterday voted to negotiate a new social pact with industry and government. Delegates representing 500,000 workers voted five to one to discuss a new deal to replace the current Programme on Competitiveness and Work, under which unions accept wage restraint in return for tax cuts and a say in economic policy. The move is a big boost for the government's efforts to keep public spending in line with the Maastricht criteria on European economic and monetary Union.

John Murray Brown, Dublin

Algeria car bomb kills 15

Suspected Islamic fundamentalists detonated a car bomb yesterday at a busy market in Boufarik, near Algiers, killing 15 people and wounding 78. It was the second such attack in as many days and the worst to hit Algeria in weeks. The town is guarded against Islamic fundamentalists by self-defence groups who call themselves "patriots", and has been hit by several bomb attacks.

AFP, Algiers

Genocide trial delayed again

The International Criminal Tribunal for Rwanda yesterday postponed the trial of a Rwandan Hutu accused of genocide. In the second trial delay in three days, the tribunal court ruled Mr Jean Paul Akayesu's trial would resume on October 31.

They confirmed the arrest on Thursday by US authorities of a 73-year-old Rwandan priest wanted for genocide in 1994.

The tribunal, with a budget of \$36m for 1996, has indicted 21 suspects, of whom 11 are in custody, including three in an Arusha jail and one at an Arusha hospital. Officials said work was hampered by bad communications but said the tribunal had still moved faster than a sister tribunal for the former Yugoslavia which took three years to put on trial its only suspect in custody.

Reuter, Arusha

Surprise general election called after week of disarray in governing coalition

Thai PM ditches squabbling partners

By Ted Bardeack
in Bangkok

Thailand's prime minister, Mr. Banharn Silpa-archa, ended a week-long political stalemate yesterday by dissolving parliament and calling elections on November 17.

The decision surprised leaders of the six parties in the governing coalition, which has been in power for 14 months.

Last week the coalition parties, by threatening to vote against Mr. Banharn at

the end of a bruising no-confidence debate, had solicited a promise from the prime minister to resign by today and name a new prime minister from within the coalition.

But Mr. Banharn played different factions within the coalition against one another until they failed to reach an agreement on a new premier.

He then used this as an excuse to dissolve parliament, a move which had been urged by most prominent business leaders and

politicians. Thailand's armed forces also urged politicians to solve the crisis before people started calling for military intervention.

"A major factor in my decision was public opinion," Mr. Banharn said. "If that is ignored it could be dangerous as people could lose faith in government."

The dissolution angered the prime minister's allies, who were not consulted by Mr. Banharn.

Coalition parties, having had only one year to reap

the benefits of political office, wanted to avoid spending the huge sums of money that are traditionally lavished on Thai voters during an election.

Money will also play a big role over the next few weeks as a realignment of political parties is expected. With few policy differences, many sitting MPs who are considered safe bets for re-election auction themselves to the party offering the most.

Such bids are often made up of a combination of cash and the promise of a lucrative

cabinet seat if the party emerges as a partner in the next government - which is bound to be a fractious multi-party coalition again.

Only after such a realignment takes place will the real front-runners for the premiership emerge. But the Democrat party, leader of the opposition, is likely to benefit from the poorly performing economy and the poor image of the current coalition partners. Mr. Banharn's Chart Thai party will also benefit from his control of the powerful interior ministry, which organises the elections.

Mr. Banharn named an interim cabinet where technocrats and civil servants dominate the economic portfolios, including Mr. Chaiyaporn Winitwong, deputy governor of the central bank, as the new finance minister.

The move, together with the dissolution, is likely to calm Thailand's jittery financial markets although, historically, election periods are inflationary because of the extra money circulating in the system.

Expatriate exodus leaves UAE short of workers

By Karam Naji in Dubai

Hundreds of thousands of illegal expatriate workers in the United Arab Emirates are leaving the country, before Monday, when imprisonment and heavy fines are introduced for workers without permits.

Thousands have besieged the Indian, Pakistani, and Bangladeshi embassies for temporary travel documents. Many of them, unable to afford the air fare, have been offered free tickets by business and community leaders. But many more have no money to leave. "My employer, knowing that I am staying illegally, has refused to pay my three months' wages," said one worker outside the Indian consulate in Dubai trying to get travel documents and tickets for himself and a family of four.

At the airport, thousands of passengers are queuing round the clock at all counters to get a seat on the flights that sometimes do not materialise. Tempers are running high and sometimes shouting breaks out between the airport authorities and passengers, who have all their belongings with them. But, given the rush of passengers, the airport authorities seem to be coping well.

The embassies of India, Bangladesh, and Pakistan - where most of the illegal workers come from - as well as other Asian and Middle Eastern countries have organised queues of special flights every day so that their nationals can leave before the end of September.

"I am concerned that we may not be able to pick up all the people that we need to pick up in the next few days," said Mr. Ziaur Shams

Chowdhury, the Bangladesh ambassador to the UAE. Diplomats from a number of Asian countries have made informal requests for an extension of the deadline but so far there has been no response.

The mass exodus of illegal workers has created a bonanza for airlines, which are laying on extra flights to Asian destinations, while bigger commercial airlines are re-routing some of their flights in order to make a stop at one of the main airports in the UAE.

The UAE government has declined to provide any explanation for the introduction of the law. Officials say the law is designed to "streamline" the labour force. They also say the law will improve the security of the country, as many of the illegal workers have no fixed addresses and are not easily traceable. Most of the workers who are leaving have been engaged in construction work, or other manual jobs.

There is no accurate figure of either the total numbers affected, or the number of workers who have already left. The Asian embassies have so far issued temporary travel documents to about 100,000 workers. This is about 5 per cent of the UAE population.

Their displacement is almost certain to have an impact on the economy here. Their absence will almost certainly push up the cost of labour, one expatriate said, mentioning that his gardener and his cleaner were about to leave.

The UAE nationals, who enjoy one of the highest per capita incomes in the world, use expatriates for a variety of jobs including catering, farming, fishing, driving, and even running civil and public services.

Hashimoto calls general election

By William Dawkins in Tokyo

Mr. Ryutaro Hashimoto, the Japanese prime minister, yesterday dissolved parliament and called a general election for October 30.

His long-awaited decision, ending months of uncertainty overshadowing policy-making, was greeted with relief by business leaders.

They called on Japan's fragmented political parties to use the election campaign to clarify their opaque visions of Japan's future after five years of economic stagnation, the longest slowdown in 60 years.

Mr. Kōsaku Inaba, chairman of Japan's chamber of commerce and industry, called on politicians to "present to the nation blueprints of what they expect to achieve and the future direction of the country."

Mr. Hashimoto, however, took a cautious line yesterday and suggested that continuity would be the campaign theme of his Liberal Democratic party. "We are heading for a storm of

reform and our politics, administration and social system must weather it," he said.

This will be the first election since the LDP lost its majority three years ago. Its defeat began a period of shaky coalitions, following nearly four decades of stable single-party government, seen by many as a factor in Japan's postwar economic success. The LDP pledged yesterday to restore the old political order.

This is also the first Japanese election to be held under a new electoral system, designed to shift more seats from rural areas to cities, where the pressure for change is strongest, and to curb political corruption.

Mr. Hashimoto is hoping to rehabilitate the LDP, capitalising on the feelgood factor of a gentle economic recovery and his recent success in resolving a dispute with the island of Okinawa over unpopular US military bases there.

Opinion polls suggest that the LDP, with about 30 per cent support, will again fall



Mr. Hashimoto raises a fist in the Diet yesterday after calling an election he hopes will strengthen his grip on power.

short of a majority. But it will probably command more cabinet seats in the next coalition, thanks to the fragmentation of its main rivals.

The result could, however, bring surprises. The electorate is weary and sceptical of the political establishment: more than half of voters say they support no party in particular. This is especially

true in the newly influential big cities, hit by growing youth unemployment and growing awareness of cramped conditions and high prices.

One likely beneficiary of a disenchanted electorate will be a new group, the Democratic party, led by Mr. Yukio Hatoyama and Mr. Naoto Kan, the popular health minister, who are promising to

curb the powerful bureaucracy and breathe fresh air into an LDP-dominated government. They could both end up with seats in the next government.

Another surprise could be the Japan Communist party, which has, very unusually, won two mayoral elections in the past six months. Japanese consumer prices remain broadly stable, further

evidence of the fragility of economic recovery, according to figures published yesterday. Although the consumer price index fell sharply from July to August - largely the result of very weak demand for fresh food following an outbreak of food poisoning - they were 0.2 per cent higher than a year earlier.

Outraged Arab world will find it difficult to sit on its hands

David Gardner, Middle East Editor, assesses the reaction in Arab capitals as the peace process falls apart

Three days of open warfare across the West Bank between Israeli troops and Palestinian police, sparked by Israel's decision to open a tunnel under Temple Mount, the third holiest shrine in Islam, have put Arab leaders on the spot.

Since the election in May of Mr. Benjamin Netanyahu, relations between Israel and its Arab neighbours have sunk to their lowest point since the Middle East peace process began five years ago. Arab governments unanimously blame the violence on Israel, say it puts at risk hopes of peace in the region, and call on one another to come up with a robust and coherent response. But so far they have done little except issue declarations.

President Hosni Mubarak of Egypt was last night trying to get agreement on a three-way summit between himself, Mr. Netanyahu, and Mr. Yasser Arafat, the Palestinian leader. In the Arab view, having the first Arab-Israeli peace treaty in 1979 - in recent weeks have consisted of little more than a slanging match. Mr. Amr Moussa, Egyptian foreign minister, told a leading Arab newspaper before the West Bank exploded this week: "Israel wants security without there being a Palestinian state or even effective self-rule [in the West Bank and Gaza], without a full withdrawal from the Golan Heights, which Syria wants back in return for peace. And then he [Mr. Netanyahu] wants peace? This is obviously nonsense. Anyone who believes this is either ignorant or insane."

Egypt has said Israel must honour its international commitments to withdraw troops from Palestinian land and keep to the agreed peace negotiations timetable if Cairo is to go ahead with hosting the third Middle East economic summit in November, a mainly US-backed device to underpin the peace process with peace dividends.

Jordan too, which made peace with Israel in 1994 and has committed itself strategically to a shared economic



An injured man is taken from Al Aqsa mosque after Israeli police fired on a crowd.

and would convey the image that the Arab world as a whole, with Egypt at its head, was being steadfast and statesmanlike.

However, relations between Egypt and Israel - which reached the first Arab-Israeli peace treaty in 1979 - in recent weeks have consisted of little more than a slanging match. Mr. Amr Moussa, Egyptian foreign minister, told a leading Arab newspaper before the West Bank exploded this week: "Israel wants security without there being a Palestinian state or even effective self-rule [in the West Bank and Gaza], without a full withdrawal from the Golan Heights, which Syria wants back in return for peace. And then he [Mr. Netanyahu] wants peace? This is obviously nonsense. Anyone who believes this is either ignorant or insane."

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Jordan too, which made peace with Israel in 1994 and has committed itself strategically to a shared economic

future with its neighbour, is furious with Israel. Crown Prince Hassan, the heir to King Hussein, this week cancelled a visit to Israel intended to look at possible joint ventures. He described the Israeli decision to open the tunnel as "a provocation to Arab and Muslim feelings around the world."

With such a reaction from Jordan, Israel's warmest Arab partner, it takes little to imagine the response from the Syrians, who have steered Arab sentiment firmly against Mr. Netanyahu's decision to abandon the "land-for-peace" formula underpinning regional detente. Syrian government newspapers have welcomed the new *intifada* - the 1987-93 Palestinian revolt against Israeli occupation which catalysed the 1993 Oslo peace accord with Mr. Arafat. But so too, in differing measure, have newspapers and governments throughout the Arab world.

Syria now wants to press for the suspension of Arab links to Israel. This was threatened at June's Arab summit in Cairo, unless Mr. Netanyahu was prepared to continue the negotiations of his Labour predecessors on the return of the Golan, and a Palestinian state with occupied Arab east Jerusalem as its capital.

Because the Netanyahu government is perceived to

have interfered with Jerusalem's Holy Places, and it is bulldozing ahead with the enclosure of Arab Jerusalem by completing an encircling wall of Jewish settlements on Arab land, Arab regimes will find it difficult to sit on the hands. From Riyadh to Algiers, Amman to Damascus, or Cairo to Rabat, all regional governments fear their legitimacy being undermined by Islamic fundamentalists, who will demand a response to any perceived violation of the Moslem sanctuary in Jerusalem.

Moreover, Arab governments resent Israel's ability to harvest the fruits of peace without delivering fully on its commitments. Diplomatic recognition of Israel, and its trade, have doubled in the past four years, with Moslem countries like Indonesia and Malaysia among its biggest new markets.

The days of the "oil weapon" have long gone, and the Arabs have dismantled their boycott of those doing business with Israel. But unless the peace process is set rapidly back on track, the anything but united "Arab nation" may have little option but to pare down its own links with Israel, and do its diplomatic best to work against the Israeli economy's export-led expansion - a threat Israel's business community has warned of publicly.

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BBC moves closer to US satellite deal

By Raymond Snoddy
in London

The BBC, the public service broadcasting organisation, announced yesterday that it had entered exclusive negotiations with two companies linked with Telecommunications Inc of Denver. The aim is to create a series of new cable and satellite channels aimed at the UK and international markets.

The corporation, through its commercial subsidiary BBC Worldwide, has signed

memorandums of understanding with Flextech of the UK, a company controlled by TCI, and with Discovery Communications, in which TCI has a 48 per cent stake. With Flextech, which is involved with 13 cable and satellite channels in the UK, the aim is to develop at least six channels using new programmes and programmes from the BBC library. The investment could be as high as £200m (\$312m).

The deal with Discovery, which specialises in factual

and documentary programmes, would involve taking three new channels around the world. Channels launched or about to be launched by Discovery include Animal Planet, a channel devoted entirely to wildlife, Discovery Science and Discovery History. Industry estimates suggest that between \$400m and \$500m could be involved in developing the channels.

The aim is to complete final agreements on two separate joint ventures before

the end of the year.

Although not part of yesterday's announcement it is believed that Mr John Malone, chief executive of TCI, has also indicated that he will do his best to win access for BBC channels to the US market. TCI is the largest cable operator in the US and is launching digital cable services this autumn.

The formal announcement suggests that the BBC has chosen TCI as its main global partner rather than Mr Rupert Murdoch's British

Sky Broadcasting. Nevertheless BSkyB, which has been offering its own joint venture with the BBC in the UK, is unlikely to lose out entirely.

The Murdoch controlled satellite operator will almost certainly be happy to carry any new Flextech-BBC channels as part of its overall package.

Mr Bob Phillips, chief executive of BBC Worldwide, said last night: "I now look forward to moving to a successful conclusion to these

negotiations. Both Flextech and Discovery have successful track records in the development of subscription channels."

For the BBC the planned joint ventures are an attempt to supplement income particularly in the coming age of digital satellite television. The BBC is financed by revenues from a state levy on all users of television sets. BSkyB plans to launch a 200-channel system in the UK before the end of next year.

UK NEWS DIGEST

Adams denies IRA funds link

Mr Gerry Adams, president of Sinn Féin, denied in London yesterday that any of the money raised from his autobiography would go to the Irish Republican Army. He also repeated his denial that he has ever been a member of the IRA, of which Sinn Féin is the political wing. Asked to define the difference between Sinn Féin and the IRA, he replied: "Sinn Féin is an organisation which is open, which is public, and has elected representation on both parts of the island. The IRA is an armed secretive organisation; Sinn Féin is committed to a peace strategy. We have a range of policies on social and economic issues."

Mr Adams was speaking on a phone-in on BBC Radio during which he was accused by a former British soldier who served in Northern Ireland of being a terrorist who had "created a monster in Northern Ireland in the past 25 years". Mr Adams replied: "You are someone who came to my country heavily armed as part of an army, and then you have the audacity to call me a terrorist." PA News

BRITISH AIRWAYS

Cabin staff warned of pay curbs

British Airways has told 600 cabin staff on its regional services that it is considering freezing or reducing their pay as part of the group's plan to cut costs by £1bn (\$1.58bn) over the next three years. The staff work on BA's regional services subsidiary, which lost £20m last year. The staff are responsible for services within the UK, short flights to mainland Europe from UK airports outside London and transatlantic routes from UK regional centres. Although last year's loss is lower than the £55m the subsidiary lost in 1992, BA says it needs to cut the annual cost of running regional services by £20m to fund the purchase of new aircraft.

These are required to meet stricter noise limitations which come into effect in 2002. The regional subsidiary has a fleet of 31 aircraft, 18 of which are Boeing 737-300s which do not meet the new noise limits. BA earlier this year shelved plans to spend more than \$1bn on 60 short-haul aircraft, pending a review of the cost of its regional operations.

Michael Shapiro

BSE CATTLE SLAUGHTER

Rate of farmer compensation cut

The European Commission yesterday cut the rate of compensation payable to farmers sending cattle for slaughter under the over 30-month scheme designed to eliminate BSE or mad cow disease. The 10 per cent reduction will come into effect on October 14. The commission's Beef Management Committee, at the request of the UK government, decided to cut the amount payable to farmers from 1.60 to 0.90 Euro per kilogram liveweight. This could mean a reduction of around £50 (£78) on an average cow.

The move is likely to infuriate farmers, especially those who have been unable to get their animals into slaughterhouses because of the shortage of rendering capacity. The cut is designed to prevent meat from older animals entering the food chain and so prevent the possibility of passing the cattle disease BSE to humans in the form of Creutzfeldt-Jakob disease. However, government officials said the original rate of compensation had been generous and the government had to take the interests of taxpayers into account.

Maggie Urry

CIGARETTE IMPORTS

Three held after Customs probe

Three men have been arrested in England in connection with a £4m (\$6.24m) fraud involving 42m imported cigarettes. The arrests followed a three-month operation by the Customs Investigation Service in Britain and the Netherlands. Two men in their 30s were arrested on Thursday at their offices in north-west England, a CUS spokesman said. A third man was arrested following raids on addresses in the south-east, he said. All three men were released on bail on Thursday pending further inquiries. The CUS spokesman said: "This is a complicated, carousel fraud involving goods being moved from country to country until the paper trail on them is lost." Inquiries were at "a very early stage". PA News

GAS PRODUCTION

Pipeline examined for damage

Divers were last night examining a 30-inch submarine gas pipeline connecting British Petroleum's Amethyst gas field to the British Gas terminal at Eastington to establish if it was damaged after a ship's anchor collided with the pipeline two weeks ago. Production from the field - which supplies between 1.5 per cent and 2 per cent of the UK's gas needs - has been halted pending the result of the divers' investigations. A smaller pipeline sending methanol from the terminal to the four-platform unmanned gas production facility had been ruptured in the accident. It has been shut down. BP owns and operates the field and a company official said it will not know until Wednesday the extent of any damage.

Simon Holberton

Cancer group 'at war' with tobacco funding

Decision means universities and research institutions could lose millions of pounds in grants

Universities and research institutions which accept money from the tobacco industry could lose millions of pounds a year in charitable research grants after a decision yesterday by the Cancer Research Campaign to go on a "war footing" against tobacco funding.

The CRC, one of Britain's biggest medical research charities, is to develop a policy to ensure that in future the £47m (\$73.3m) a year it spends in grants is "not linked to tobacco funds" or "tainted with tobacco money".

Asked whether that meant institutions which took tobacco money for any purpose - whether or not directly for medical research - could find themselves debarred from receiving CRC grants, Professor Gordon McVie, the campaign's director-general, said he expected that "something of that ilk will come out".

He said, he would be surprised if the new policy, due to be put in place by the campaign's council early next year, did not debar cases where universities accepted tobacco funds for medical and scientific work. "It will become a condition of the grant awards and if institutions do not abide by that, they will be wasting their time in applying to us for money."

The policy will be developed in consultation with

Directors of Imperial Tobacco Group, whose shares are due to start trading on the London Stock Exchange on Tuesday, reacted with equanimity to the announcement of the no-win, no-fee class action by cancer sufferers, Ross Tienman writes.

Mr Gareth Davis, the chief executive, said: "Imperial has a strong defence against these cases and we are confident that we will win them." Directors have spent the past four weeks making presentations to analysts and investors on both sides of the Atlantic to promote the company's shares.

Imperial is being demerged from Hanson, the industrial management group, as part of a four-way break-up.

The tobacco business

the bodies which the CRC funds, Professor McVie added. But the broader threat to both academics and the industry is that the campaign hopes to develop a common front with the Wellcome Foundation, the British Heart Foundation and other big medical research charities which between them spend £340m a year in universities and other research centres. Professor McVie said he hoped the policy would, in time, extend to the government-funded Medical Research Council which has itself recently been

embroiled in controversy after accepting money from BAT Industries, the tobacco and financial services group. The CRC's approach was welcomed yesterday by the Association of Medical Research Charities and warmly supported by the Imperial Cancer Research Fund (ICRF) which urged institutions to "resist the siren voices of the tobacco industry". The Medical Research Council declined to comment.

The move follows bitter controversy over the decision by the University of

Cambridge to accept £15m from BAT to fund a chair of international relations - and the disclosure that the Medical Research Council has taken £147,000 from BAT to study the health effects of nicotine. BAT alone spends £500,000 a year on various forms of research in universities and other research centres, two-thirds of it in the UK.

The decision of the MRC to accept tobacco cash had been "awful", Professor McVie said.

"For the meantime," the CRC would continue to fund Cambridge and other institutions which receive tobacco funds, he said, but that was only "pending any alteration in the conditions of funding".

Sir David Williams, vice-chancellor of Cambridge, said the university "recognises the importance of the issues raised" and would "wish to co-operate" with the CRC's proposed course of action.

Professor McVie conceded there could be practical difficulties in policing a ban, and the question of how much distance the CRC wanted institutions to have from tobacco funds would be a crucial one.

But the campaign believed its new code of practice "will influence academic institutions on future deals with controversial partners".

Nicholas Timmins



Martyn Day, pictured outside the Law Courts in London, is a senior partner in the firm which is to continue litigation against tobacco companies. "It was clear that the only way for tobacco victims to gain access to justice in the British courts was for lawyers to take on the cases through the 'no win, no fee' scheme," he said.

Scots nationalists praise Irish 'tiger'

By James Buxton
in Liverpool

Mr Alex Salmond, leader of the Scottish National party, which campaigns for Scottish independence, yesterday cited the Republic of Ireland as an example of what an independent Scotland would be able to achieve.

Speaking at the party's annual conference in Liverpool, Mr Salmond said the republic was "the tiger economy of Europe".

He said the republic's gross domestic product per head was set to overtake that of the UK by 2001. Earlier in the day the SNP published figures compiled by the House of Commons Library from OECD and UK

government sources projecting that Ireland's GDP would continue to grow at more than 5 per cent a year to 2003 while the UK's would grow at about 2.5 per cent.

On that basis Ireland's GDP per head (at 1993 prices) will be £12,811 in 2000 while the UK's will be £12,623.

Mr Salmond told the conference: "Ireland is one of many 'independence' success stories. Scotland is an example of what happens when you don't have independence." Scotland had great natural resources, whereas Ireland had few, he added. "Ireland is doing so much with so little while Scotland is doing so little with so much."

'Dirty fuel' sparks heated debate

A plan to import and burn Orimulsion from Venezuela has stalled

This week's decision by PowerGen, the former state-owned electricity generator, to abandon the burning of the Venezuelan product Orimulsion at one of its power stations puts a further question mark over a troubled project owned by its rival National Power.

National Power, another privatised generator, has been seeking since 1991 to convert its 2000MW Pembroke oil-fired power station near the port of Milford Haven in south-west Wales to burn imported Orimulsion. The fuel is an emulsion of bitumen in water produced in Venezuela from the Orinoco Belt by Bityr, a subsidiary of Petroleos de Venezuela, a state-owned company. Orimulsion is labelled a "dirty fuel" by environmentalists and the long-delayed scheme has aroused fierce debate.

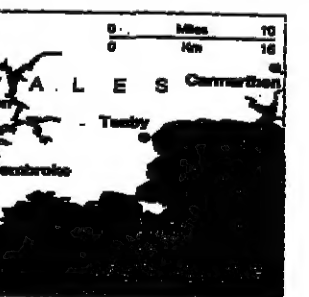
Friends of the Earth, the environmentalist group, welcomed PowerGen's decision as "another nail in the coffin" of Orimulsion in the UK. But National Power remains fully committed to its own scheme, arguing it cannot be compared with the much smaller PowerGen operation. It said: "The sums still hold perfectly true for Pembroke - it is a long-term gen-



erating project as opposed to a short-term trial (by PowerGen). National Power took Pembroke power station out of commission in April, and warns that it will close permanently if conversion plans are blocked.

The project has polarised opinion. Wales Trades Union Congress emphasises the need for jobs in an area of high unemployment. The Campaign for the Protection of Rural Wales fears the marine consequences of a possible tanker spillage and the effect of emissions on the environment and health.

West Wales, with its Pembroke coast national park, is one of the most scenic parts of Britain, and Milford Haven waterway is included in a proposed European special area of conservation. Fishing and tourism are vital local industries.



Accident Investigation Branch published its report on the spillage.

Officers of Pembrokeshire council recommended approval, with conditions. Then the Environment Agency, a statutory body which, together with the Department of Trade and Industry, will have to give final consent to operation of the converted power station, objected to the jetty, saying there was "cause for real concern". In July, Mr William Hague, the British government's chief minister for Wales, told the council not to approve the application until he had considered it.

The Welsh Office says Mr Hague's ruling is not imminent. Meanwhile, National Power has an alternative proposal which it has put to the government for approval. This would be to use the jetty of a nearby Texaco refinery to import the fuel and use an upgraded underground pipeline to the power station.

This project has not been finalised, but it seems likely that National Power will proceed with this scheme if it can, now that the first plan is stalled.

Roland Adburgham

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Cathay Pacific restructures board

By Louise Lucas
in Hong Kong

Mr Rod Eddington, managing director of Cathay Pacific, Hong Kong's de facto flag carrier, has resigned in order to head Ansett Australia, the Australian airline 50 per cent owned by a unit of Mr Rupert Murdoch's News Corp.

His departure had been the subject of speculation after the share-ownership restructuring in April at

Cathay Pacific and Dragonair, the regional airline in which Cathay held a 43 per cent stake.

Mr Eddington will be replaced by Mr David Turnbull, currently deputy managing director of corporate development.

Aviation executives were surprised by Cathay's decision not to replace Mr Eddington with a local.

"I think it's a shame they haven't promoted a local. The name of the game is

surely getting a closer relationship with China," said Mr Steven Miller, an aviation consultant and former senior executive of Dragonair.

Cathay also announced that Mr Tony Tyler, director of service delivery, would take up the new position of director of corporate development and that his replacement would be Mr Robert Cutler, now general manager of cargo.

Cathay said: "We expect

these people to take the airline into the next century."

All three appointments are British and 20-year veterans of the Swire group, which includes Cathay Pacific.

Mr Turnbull is also chairman of Hongkong Aircraft Engineering Co (Haseco), Cathay's maintenance arm. He has played an important role in strategic development, including the restructuring at Cathay and Dragonair.

holding in Cathay Pacific was trimmed from 52.6 per cent to 43.9 per cent, while the stake held by Citic Pacific, Beijing's main investment agency, was lifted from 10 per cent to 35 per cent.

Mr Eddington, who will also have a role at News Limited, the News Corp unit that owns Ansett, had been in "lengthy" discussions with the Australian airline and said his move to Australia was for family reasons.

Skandia chief moves out of the driving seat

By Greg McIvor
in Stockholm

Mr Björn Wolrath, one of the most colourful figures in Swedish financial circles, resigned yesterday as chief executive of Skandia, Sweden's largest insurance group, after 16 years in the post.

Skandia said Mr Lars-Eric Petersson, deputy chief executive and head of its Nordic operations, would take over at the year-end. Mr Wolrath, aged 53, who joined Skandia in 1971, is to remain on the company's board and will work on long-term strategy as an "ordinary employee".

A high public profile and regular forays into political and economic debate did not always endear Mr Wolrath to investors. Skandia's shares rose SKr11 to SKr12 yesterday after his resignation, a 6.4 per cent increase.

"This is the end of the

famous 'Wolrath discount,'" said one Swedish insurance analyst. He said investors were hoping Mr Petersson would narrow Skandia's focus to core life and non-life insurance operations in the Nordic countries and its larger international life activities.

Mr Petersson was no stranger to controversy. In 1994 he announced a brief boycott by Skandia of Swedish government bond sales in protest at the continuing rise in state debt, a move which sharply pushed up interest rates.

A year earlier, his outspoken opposition to the merger of Volvo, the Swedish car and truckmaker in which Skandia was a large shareholder, with Renault of France helped puncture the deal.

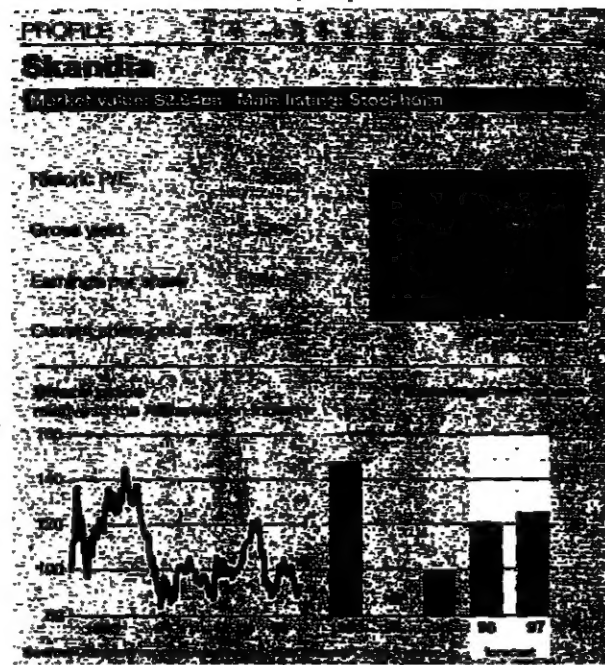
Mr Wolrath, one of Sweden's few banking and insurance chief executives who

pre-date the financial crisis of the early 1990s, said he had been under no pressure to resign. The company needed "a younger force" to implement a strategic review of Skandia's operations, currently being led by the 46-year-old Mr Petersson, he said.

Mr Petersson, whose strategic review is due early in 1997, has been with Skandia since 1993. He said he was keen to strengthen Skandia's operations in Sweden and abroad, and was open to international mergers and partnerships.

Mr Wolrath steered Skandia through three years of turbulence in the Nordic insurance industry between 1990 and 1993, which saw it repel the takeover ambitions of Skandinaviska Enskilda Banken, the Swedish bank, and Uni Stora Nordiska and Hænsa, two Nordic insurers.

Since 1990 Skandia has



seen a saw-tooth pattern between profit and loss, returning to the black in 1995. Uncertainty in the US reinsurance market prompted it to sell Skandia American Reinsurance Corp, its US subsidiary, for

SKr2bn (\$300m) early this year, with a negative impact on 1996 profits.

Skandia reported first-half pre-tax profits of SKr1.6bn and premium income of SKr2.9bn.

CGIP deal may resolve Valeo question

By David Owen in Paris and
Andrew Hill in Milan

A deal to keep Valeo, the French automotive component group, in French hands has moved closer after a decision by Compagnie Générale d'Industrie et de Participations, the French holding company, to sell nearly half its 19.9 per cent stake in the US packaging group Crown Cork & Seal.

The money raised from the sale could be put towards the purchase of the 27.7 per cent stake in Valeo currently held by Cerus, the French

holding company owned by the Italian industrialist Mr Carlo De Benedetti.

CGIP yesterday confirmed the two operations were linked, and said it hoped "the discussions on the acquisition of Cerus's stake in Valeo be completed".

On present market prices, the sale of the Crown Cork & Seal shares could raise more than \$600m, approximately half the likely cost of Cerus's Valeo stake. CGIP said the offering was expected to take place in late October. It also said it would remain Crown Cork & Seal's largest share-

holder with 10 per cent of the stock.

The CGIP announcement had a positive effect on Cerus shares, which climbed FF75.40 in Paris to FF131. Valeo also gained ground, rising FF12.80 to FF128.50, but CGIP itself fell FF2.20 to FF11.10.

The Cerus stake in Valeo has been "in play" since earlier this year, with a string of French and non-French companies cited as possible buyers. Rumours of interest on the part of at least two US companies, including Delphi, the components arm

of General Motors, sparked an outburst from some of Valeo's biggest customers, however, with Mr Jacques Calvet, head of France's Peugeot Citroën car group, particularly vocal.

Cir - the De Benedetti holding company which owns 49 per cent of Cerus - refused to comment yesterday on the progress of talks. "A successful sale would ease financial pressure on Cir, which is labouring under more than 1600m of net debt, having failed last year to persuade banks to back a capital increase."

The sale would also allow the company, which is quoted in Milan, to concentrate on its strategy for Ovale, the troubled information technology company in which it has a 15 per cent stake. Cir publishes its interim figures on Monday.

Cerus's half-yearly results, showing a marginal improvement in net income from FF45m to FF47m (\$9.1m), were released last night after the closing of the Paris market. The company said that it was continuing to pursue its debt reduction programme.

Standard Chartered reorganises

By Motoko Rich

Standard Chartered, the London-based international bank, is to combine its corporate and institutional businesses, bringing all related services together in one division which will also oversee the ramp up of its investment banking operations.

Mr David Melt, executive director, will have responsibility for the new corporate and institutional banking division.

Mr Malcolm Williams, group chief executive, said: "A lot of the needs of the financial institutions that we deal with are becoming very similar to those services we provide to corporate clients."

These services include trade finance, custodial services, cash management and payments.

Mr Williams added: "Inevitably there will be some cost savings. We have had some businesses that have been relatively low standing and have had some support costs associated with them so there is a good opportunity to make some support cost savings in this."

The group, which is known to be scaling back its investment banking operations, said the 200 employees in that business would be absorbed into the corporate and institutional division.

Standard Chartered currently only provides investment banking services to existing corporate and institutional clients.

Mr Garry Southern, who has overseen the withdrawal from investment banking in the last two years, will complete the integration of the remaining operations before departing from the group later this year.

"This is a logical step which would be consistent with experience elsewhere in the industry," said one analyst.

"Investment banking is not a focus for Standard Chartered, and the reorganisation reflects what other banks have been doing."

Intl Energy shows 45% advance

By Patrick Harverson

International Energy, which specialises in distributing liquefied petroleum gas to areas in the UK and Europe where there is no natural gas, yesterday reported a 45 per cent increase in pre-tax profits from £2.65m to £3.84m for the six months to June 30.

The improvement was exaggerated, however, because previous half-year results were affected by £905,000 costs tied to the company's flotation in June 1995.

The profits rise, struck from turnover of £38.5m (£41.9m), was attributed to the return of normal winter weather in its main markets. IEC distributes to the Channel Islands, Isle of Man, Portugal and the UK.

Recently acquired businesses in the UK and Portugal should increase total LPG sales from 25,000 tonnes in 1995 to 60,000 tonnes in 1997.

Earnings per share were 5.61p (3.62p after flotation costs) and the interim dividend is 1.46p (1.4p).

Interoute dials Aim float

By Justin Marozzi

Interoute Telecommunications yesterday became the latest UK telephone group to announce float plans. It is joining Aim with a value of 250m.

The placing of 7.36m shares at 150p puts the group among the 10 largest Aim floats. It published its prospectus yesterday.

Just over 25m, the bulk of the proceeds, will be used by the company to "expand into Europe". It plans to extend

operations in France, Germany and the Netherlands. Fewer than 1m shares are being sold by existing institutional investors. The placing is underwritten by HSBC James Capel.

None of the directors are selling their shares and they will hold 36 per cent of the equity. They are not allowed to sell in year one, and only with their adviser's and broker's permission in year two. "We're having our seats held close to the fire in terms of performance," said Mr John

Mittens, managing director.

The company trades in the differentials arising from competing telephone prices. It is projecting a loss of £1.6m in 1997 on sales of £13.1m, followed by pre-tax profits of £4m on £28m sales.

Mr Mittens said liberalisation of European telephony was an exciting prospect: 50 per cent of its revenue comes from the UK, but Mr Mittens said this would drop to 30 per cent next year and fall as the European activities developed.

Airtech gets £31m valuation

Airtech, the UK mobile phone amplifier maker, has been valued at £31m for its Aim flotation. The placing of 18.2m shares at 89p is expected to raise a net £10.4m, writes Jane Martinsson.

Mr Nick Randall, the chief executive who will retain a 46 per cent stake, said: "We think we're a classic Aim stock. We've developed the product and we are raising the money to take it into the world market." The prospectus, published yesterday, dis-

closed an order book in excess of 25m, mostly for masthead amplifiers.

The company made a loss of £680,000 on sales of £1.33m in the six months to June 30, reflecting increased production spending. In the past year Airtech's workforce has trebled to 150 and is expected to increase to more than 200 by early next year.

Airtech is keen to expand in the US because of new licences to run new higher frequency digital networks.

As well as funding expansion, the proceeds will eliminate net debt of about £2.4m and redeem a sum of preference shares held by HSBC Private Equity. The fund will hold 10 per cent of the company with 10 per cent held by employees and 35.5 per cent by institutions.

A trust for Mr Randall's children will sell some shares in the float, raising £700,000.

The shares are due to start trading on October 3.

PepsiCo shares fall on profits warning

By Richard Tomkins
in New York

Shares in PepsiCo, the US soft drink and snacks group, tumbled 11% to \$22 1/2 in early trading yesterday - a fall of 5 per cent - after the company warned that next year's profits were unlikely to live up to expectations.

The fall in the share price also reflected PepsiCo's announcement the previous day that profits would slump in the third quarter because of problems in its soft drinks business.

Thursday's announcement included a statement that PepsiCo was considering a sale of its casual dining business. But yesterday, the company said this had not been intended to suggest it was selling its Pizza Hut, Taco Bell or KFC chains.

Instead, PepsiCo said it was considering a sale of three small US restaurant chains: Chevy's, California Pizzeria Kitchen and East Side Mario's. It said it had also decided to sell another chain, Hot 'n Now, as soon as possible.

The decision to retain the bulk of the restaurant business disappointed analysts, some of whom had been arguing for a spin-off because of the division's wavering profitability.

However, Mr Roger Huron, PepsiCo chief executive, said the company intended to expand its programme of selling restaurants to franchisees and if that did not work, "we will have the freedom of action to go in another direction".

PepsiCo said on Thursday that a restructuring of its international soft drinks business would cause earnings to fall by 30 cents per share from the 77 cents reported a year earlier, when the company made net profits of \$614.8m. Further charges would occur in the fourth quarter, it warned.

Yesterday, the company said it expected the restructuring to save \$100m a year in operating costs. Even so, earnings next year would probably fall about 10 cents short of the \$1.62 predicted.

Last year, PepsiCo reported net profits of \$1.95m, or \$1.24 per share, before accounting changes. Cola wars: Page 8

NEWS DIGEST

Big fall forecast in US stocks

Kleinwort Benson, the UK securities house, has become the latest institution to predict a sharp fall in the US stock market. "A full-blown bear market is likely," says Kleinwort's global strategist Mr Albert Edwards, who believes a fall in the Dow Jones Industrial Average below 5,000 would represent a "healthy blow-off".

The bearish line taken by Kleinwort follows the publicity given to the cautious views of PDM, the fund management arm of Union Bank of Switzerland, which argues that share prices are overvalued by buying from the US stock market had been buoyed by buying from the corporate sector and from private investors via mutual funds. However, the corporate sector stopped buying in the second quarter of this year, and the finances of private investors now appear stretched. With equities looking expensive relative to bonds (on a prospective earnings basis), Kleinwort is cutting its recommended portfolio allocation to US equities by 10 percentage points.

Philip Coggan, Markets Editor

Stena cancels ferry order

The parent company of Stena Line, the Swedish ferry operator, has dropped plans to order four high-speed ferries worth about SKr1bn (\$160m) from Finland's Finlayson, apparently because of fierce competition on English routes and delays in introducing existing high-speed (SSS) craft. Stena AB, which owns 50 per cent of Stena Line, was to have bought the new vessels, which were then to be chartered by the ferry operator.

Hugh Carnegie, Stockholm

Alcoa to shed 2,900 staff

Alcoa, the world's largest aluminium producer, said it would lay off 2,900 of its 75,000 employees worldwide by the end of 1997, and record an after-tax charge of \$65.5m in the third quarter to cover costs of the lay-offs and equipment write-downs. The company is trying to reduce costs by \$300m this year.

Laurie Morse, Chicago

Finnish steel group warns

Rautaruukki, the Finnish steel group, warned that its full year profit after financial items was expected to be similar to the 1994 figure of Fm588m (\$144.3m). This follows an earlier forecast that profit would be only slightly lower than the Fm585m reported last year. The warning outlook was attributed to a weaker performance in the steel sector, although the company said it had outperformed the sector as a whole.

AFX News, Helsinki

■ Crédit Local de France's first-half net profit rose from FF747m (\$145m) to FF793m.

AFX News, Paris

N Forest appoints adviser

Nottingham Forest has appointed a City-based financial adviser to help negotiate with potential buyers of the English football club.

Denying reports that the board had agreed to a deal with Conrad, the publicly quoted sportsware group which is looking to acquire a top English football club, Mr Fred Reacher, chairman, said Forest would be sold if the right deal could be struck. "The board will consider any substantial and sensible approach," he said. The club said it had received "an awful lot of interest" from potential buyers. Any acquisition of Forest would require the support of 75 per cent of the club's 209 shareholders, who each own one share.

Patrick Harverson

In Brief

■ AMSTRAD: Mr David Rogers, the former chief executive who resigned last December following a boardroom row, left the UK consumer electronics group with £591,000 in compensation and through the exercise of options. Remuneration from the company, headed by Mr Alan Sugar, of £366,000 included compensation for loss of office of £225,000.

■ ANAGEN said its subsidiary Anagen (UK) had been put into liquidation following its failure to raise sufficient further capital to continue its search for a marketing partner for its Anaflex system. The shares were suspended at 30p earlier this month.

■ IPSCO HOLDINGS, the UK aviation and defence equipment manufacturer, reported stable first-half 1996 pre-tax profits of £1.02m (£1m). Mr Christopher Johnson, chairman, said there was some evidence of recovery in the core aerospace markets after years of recession. Aerospace sales advanced by 8 per cent, despite the setback of the Fokker reversion and the trike at Boeing, Ipeco's biggest customer. Group turnover was \$9.75m (\$9.75m). The shares yesterday lost 5 1/2p to 69 1/2p.

■ MCCI, the UK investment trust, will receive £12.7m in cash and £12.7m in shares in the flotation of RoshBox, the US bicycle suspension products maker in which it held a stake. Its interest was bought for \$14.2m (\$9.1m) in March 1995 and has grown to \$45.7m.

■ NEWPORT HOLDINGS is to acquire for £2.67m a portfolio of industrial property investments from English & Overseas Properties. The five long leasehold and freehold properties produce £266,100 per annum.

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30th September to 6th October 1996
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St. Paul's

RESULTS									
		Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends Comprising dividend	Total for year	Total last year
Anglo United	Yr to Mar 31	134.8	(202)	36.2	(124.4)	4.3	(15.1)	nil	nil
Balfour Beatty	Yr to Mar 31	4.8	(3.2)	0.682	(1.14)	1.14	(1.74)	nil	nil
Barrick	6 mths to July 31	5.7	(8.8)	1.4	(1.3)	3.29	(5.5)	1.75	4.63
Bechtel	6 mths to June 30	102.4	(106.7)	3.04	(1.83)	13.22	(41.8)	1.75	41.4
Cheltenham & Gloucester	Yr to June 30	15.9	(15.2)	2.58	(1.51)	1.7	(1.7)	1.7	1.7
Cheltenham & Gloucester	Yr to June 30	29.7	(29.2)	2.44	(6.3)	1.71	(7.1)	2	3
Commerzbank	6 mths to June 30	3.75	(1.82)	0.688	(0.33)	nil	(1)	0.75	0.75
Commerzbank	6 mths to July 31	9.6	(8.4)	0.279	(2.27)	0.7	(8.3)	0.75	2.25
Commerzbank	Yr to Apr 30	2.7	(3.7)	1.2	(10.7)	1.0	(2.24)	2.04	2.04
Commerzbank	Yr to June 30	32.1	(47)	9.33	(6.59)	1.58	(1.54)	0.43	0.92
Commerzbank	6 mths to June 30	38.1	(37.1)	35.5	(97.5)	9.8	(10.5)	5.5	14.85
Commerzbank	6 mths to June 30	14.7	(14.4)	4.18	(4.15)	91.32	(97.08)	14	56
Commerzbank	6 mths to June 30	38.8	(41.8)	3.8	(2.65)	5.81	(6.43)	1.16	32.2
Commerzbank	6 mths to June 30	9.75	(9.7)	1.02	(1.1)	2.43	(1.5)	1.5	3.6
Commerzbank	6 mths to June 30	101.3	(104.8)	2.84	(1.33)	15.89	(11.87)	19.4	89.4
Commerzbank	Yr to Mar 31	0.346	(0.032)	0.04	(0.128)	0.16	(0.72)	1	1
Commerzbank	6 mths to June 30	2.1	(0.848)	0.04	(0.014)	0.8	(1)	-	-
Commerzbank	6 mths to June 30	2.1	(0.1)	2.57	(0.53)	6.11	(0.53)	-	-
Commerzbank	6 mths to June 30	2.47	(2.83)	0.226	(0.22)	0.3	(0.3)	0.8	2.4
Commerzbank	6 mths to June 30	74.8	(73.8)	4.14	(3.37)	5.71	(6.4)	2.8	2.1
Commerzbank	6 mths to June 30	1.3	(1.74)	0.167	(0.042)	1.4	(1.4)	0.1	2
Commerzbank	Yr to June 30	126.6	(126.5)	1.12	(0.824)	2.59	(1.78)	1	1
Commerzbank	Yr to June 30	45.2	(47.1)	2.63	(2.01)	1	(0.7)	0.1	0.1
Investment Trusts									
		NAV (p)	Attributable earnings (£m)	EPS (p)	Current dividend (p)	Date of payment	Comprising dividend	Total for year	Total last year
Fleming High Inc	3 mths to July 31	112.03	(106.53)	0.283	(0.326)	0.67	(1)	1.2	1.15
Flowers and Wain	6 mths to June 30	40.7	(39.84)	0.113	(0.001)	0.14	(nil)	-	-
Flowers and Wain	Yr to Apr 5	248.5	(207.4)	0.057	(0.06)	4.88	(4.17)	4	4
Earnings shown basic, except (1) fully diluted. Dividends shown net. Figures in brackets are for corresponding period. *After exceptional charge. *After exceptional credit. (2) Or increased capital. *21n includes share repurchases. (3) Or increased capital. *21n includes share repurchases. (4) Or increased capital. *21n includes share repurchases. (5) Or increased capital. *21n includes share repurchases. (6) Or increased capital. *21n includes share repurchases. (7) Or increased capital. *21n includes share repurchases. (8) Or increased capital. *21n includes share repurchases. (9) Or increased capital. *21n includes share repurchases. (10) Or increased capital. *21n includes share repurchases. (11) Or increased capital. *21n includes share repurchases. (12) Or increased capital. *21n includes share repurchases. (13) Or increased capital. *21n includes share repurchases. (14) Or increased capital. *21n includes share repurchases. 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COMPANIES AND FINANCE

Burford and Argent link for DSS bid

By Simon London,
Property Correspondent

Burford and Argent, two of the UK's most highly rated property companies, are joining forces to bid for a government property contract valued at up to £40m.

They have joined one of six consortia shortlisted for the transfer to the private sector of more than 700 buildings occupied by the Department of Social Security. The project is the largest

property-related deal so far announced under the government's Private Finance Initiative, which aims to attract private capital to public projects.

Burford and Argent have aligned themselves with a consortium led by Nations-Bank of the US. It also includes Bankers Trust, the US investment bank, and Warburg Pincus, the investment company which is Argent's largest shareholder. The companies will help

estimate the value of the DSS estate, which includes buildings in most UK towns and a number of large administrative centres, and identify redevelopment opportunities.

The successful bidder will assume responsibility for managing the properties - including maintenance and cleaning services - and co-ordinating a capital investment programme aimed at upgrading them. It is also possible that the

winning consortium would be able to move DSS employees to new premises in order to release sites which could be re-let or re-developed.

The annual rent roll of the portfolio is about £170m, equivalent to the rental income of the UK's fourth-largest property company.

The full 25-year contract, including facilities management and capital spending, is estimated to have a net present value of £28m-£4m. Other groups bidding for

the contract are led by: Goldman Sachs, the US investment bank; Nomura, the Japanese securities house; UBS of Switzerland; NatWest Markets of the UK; Pell Frischmann, the facilities management group; and Bucknall Group, the quantity surveyors.

The six consortia will on Monday submit outline proposals to the DSS, which hopes to select a shortlist of three groups by the end of October.

Chesterton shares plummet on accounting revelations

By Simon London

Shares in Chesterton, the property agent which floated in 1994, fell by 35% to 60p yesterday as the company revealed that profits had been overstated.

Pre-tax profits halved from £5.5m to £2.4m in the year to June 30 after a £1.4m write-off relating to prior years.

Mr Giles Ballantine, chief executive since 1990 - who received remuneration of £118,000 last year - is to leave. Mr William Wells, chairman, said that Mr Ballantine had agreed to stand down in the best interests of the group.

The figures include a £900,000 accounting charge, mainly relating to commission income which was double-counted following the introduction of new accounting systems three years ago.

The company has also written off £500,000 relating to professional indemnity claims against which it made insufficient provisions.

The problems were uncovered following the arrival in July of Mr Ian Fleming, finance director. Chesterton's former finance director, Mr Angus Palmer, retired in June.

Mr Wells said that the position of Price Waterhouse, the group's auditor, would be discussed by the company's audit committee. Profits were also hit by £250,000 costs relating to bidding for contracts under the government's Private Finance Initiative, which aims to bring private capital into public projects.

Reorganisation and redundancy costs amounted to £200,000. Mr Wells said that restructuring would result in annualised cost savings of at least £1m.

Turnover advanced from £69.3m to £69.7m, partly reflecting acquisitions. Operating profits declined from £6.6m to £2.4m, including the £900,000 accounting charge.

Mr Wells said that underlying trading in the commercial property market was improving.

Shares rose 3p to 100p, up from a flotation price of 175p, as the company said three other products had entered phase I trials.

Shire is rare among its biotechnology peers: it is profitable and offers a relatively low-risk investment. However, while Galantamine appears to be racing ahead, the tale of small and steady royalty payments is unlikely to excite those keen on the biotech sector.

Research and development spending almost doubled to £2.5m (£4.5m). The £20.7m flotation proceeds had led to year-end net cash of £25m.

The shares rose 3p to 100p, up from a flotation price of 175p, as the company said three other products had entered phase I trials.

Sales more than tripled to £21m (£6.1m) in the year to June 30. The Janssen deal contributed £8.2m of this,



Looking for expansion - Malcolm Heald (left), finance director, with John Carter in a deep access chamber

Profitable Shire looks for buys

By Jane Martinson

Shire Pharmaceuticals, which develops and markets prescription medicines, said it was on the acquisition trail yesterday, as it turned a pre-tax loss of £7.0m into a profit of £2.8m.

The company, which floated in February, said it was in advanced talks to buy "two or three" companies which could market its products. It was also looking at buying registered products.

The profit turnaround was helped by last year's £17m purchase of Imperial Pharmaceuticals Services, which develops and licenses HRT treatments. The company contributed an operating profit of £1.9m.

Most of the rest of the increase came from an agreement with Janssen Pharmaceutica, a subsidiary of Johnson and Johnson, for Galantamine, an Alzheimer's treatment. Shire will receive royalties.

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Resilient Hepworth seeks acquisitions

By Andrew Taylor,
Construction Correspondent

Hepworth, the building materials and central heating group, yesterday signalled it would be seeking further acquisitions as it announced one of the more resilient first-half results in the sector.

Pre-tax profits for the six months to June 30 fell by just 5.3 per cent to £25.5m in spite of difficult markets and poor winter weather in its European markets.

This compares with a 42 per cent fall in first-half profits it announced earlier this week by Redland, the roof tile and aggregates business, and a 47 per cent fall over the same period announced earlier this month by RMC, the world's largest ready mix concrete producer.

Mr John Carter, Hepworth's chief executive, said the company's resilient performance reflected the benefits of tough cost cutting and new product developments which had helped

it increase market share.

The shares, however, fell 2p to 289½p following the announcement that Mr Jean-François Chêne, head of the Saunier Duval boiler subsidiary, was leaving the group. He is being replaced by Mr Pierre Franken, managing director of Saunier's Benelux operations.

Mr Carter said Hepworth's strong financial position - gearing is only 15.6 per cent - left plenty of room for international acquisitions.

The group has recently expanded in eastern Europe and east Asia. Any future large purchase, however, is likely to be made in western Europe.

The company is known to have been looking in Germany, where it currently has few sales.

The building products division, which sells 90 per cent of its plastic, clay and concrete pipes to the UK market, saw operating profits slip to £7.7m (£10.8m).

Home products profits increased to £6m (£5.6),

while Saunier Duval fell 5 per cent to £12m and would have held steady but for redundancy costs. Refractory profits rose slightly to £3.8m (£3.7m) while mineral and chemical profits increased to £6m (£5.8m).

Earnings per share dipped to 9.8p (10.5p) from which the company is maintaining the interim dividend at 5.5p.

COMMENT

Hepworth's habit of outperforming its rivals has been maintained, and its ability to maintain margins in difficult market conditions is commendable. With further gains from cost cutting still to come, it should benefit as the UK housing market starts to recover. It also appears more determined to overcome previous criticism that its acquisitions policy has lacked lustre. Pre-tax profits of £27m this year and £77m next would place the shares on a prospective p/e of 15 for 1996 and 13.5 for 1997, making the stock a strong hold.

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Wickes explanation to shareholders is delayed

By Ross Thorne

Wickes, the builders' merchant chain, has delayed the long-awaited letter to shareholders that will explain how profits came to be overstated by a total of £50m over the past three years.

The letter, which will provide the first evidence of the ongoing business's viability, cannot be sent until future relationships with suppliers have been clarified.

Discounts from suppliers, booked prematurely as profit, appear to have been at the heart of the company's difficulties, but despite

prolonged talks some of its 180 suppliers have proved reluctant to agree new, less advantageous, terms while they are able to show evidence that existing agreements remain valid. Because of their stance, Wickes will be unable to meet its self-imposed Monday deadline to explain what went wrong.

The letter, now expected during the second week of October, will also contain details from an inquiry into events at Wickes drawn up by Price Waterhouse, the accountants, and solicitors Linklaters & Paines.

Wickes' advisers are keen to establish the viability of

the 182 stores. If that can be achieved, the company is expected to use it as the launchpad for a £30m rights issue in December. The move would be accompanied by a relisting of the shares, suspended on June 25 at 60p after the accounting discrepancies were discovered.

It appears that the Wickes board, chaired by former banker Mr Michael von Brentano, may seek to sell the overseas operations in South Africa and the Benelux countries before relisting. That would reduce the amount needed from shareholders to plug the hole in its balance sheet.

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Streamline beats tough trading

By Geoff Dyer

Streamline Holdings, the recently floated building products and road services group, defied tough conditions to lift first half pre-tax profits 23 per cent.

The Slough-based group made pre-tax profits of £4.14m (£3.37m) in the six months to June 30, on turnover only 1 per cent higher at £74.8m.

The shares, which floated at 180p in February, closed down ½p at £15½p.

The results reflected £1.1m of losses last time on discontinued activities, but also

included £1.02m of non-recurring interest charges this time. Operating profits on continuing businesses were £5.7m (£5.8m).

Profits at the road services division edged up to £4.23m (£4.14m), despite a 25 per cent cut in the government's road maintenance budget.

Mr Terry Simpson, chief executive, said the group had focused on areas such as safety and environmental products which were often the last to be cut.

He said government spending on road maintenance had picked up in the UK and France since May.

The group won a contract from Avon council worth £10m over three years to provide all road maintenance services, from grass cutting to light repairs.

Profits from the building products division were £2.06m (£1.91m), after sales of insulating materials made up for depressed market conditions for the group's roofing and flooring products.

The proposed interim dividend is 2.8p, payable from earnings of 5.7p (5.4p).

James Capel, the house broker, is forecasting pre-tax profits of £14.8m and earnings of 16.9p.

Chelsea Village lapses into the red

By Patrick Haverson

Heavy investment in new players and the continued cost of redeveloping Stamford Bridge stadium pushed Chelsea Village, the company which owns Chelsea football club, into the red in the year to June.

Unveiling a pre-tax loss of £2.95m (restated profit of £1.61m) in its maiden annual results, Chelsea Village also announced it would change its accounting policy so the value of players would be written off over the lives of their contracts.

The company was making the change - previously player purchase costs were charged to the profit and loss account - to reflect the European court ruling banning clubs from demanding fees for out-of-contract players moving elsewhere in the EU. The company said the new treatment, bringing it into line with other big quoted clubs, meant £6.2m in intangible assets represent-

ing the transfer cost of acquired players had been added to the balance sheet.

Last year the club spent a net £2.6m on transfer fees, acquiring Mark Hughes, Dan Petrescu and Terry Phelan. Excluding transfers, operating profits were £854,000, down from £3m primarily because of greater expenses tied to squad wage costs and stadium redevelopment.

Revenues rose to £15.9m (£13.2m), aided by another good run in the FA Cup, about £1m from its new catering and functions business, and the completion of the new north stand, which raised capacity to 34,000. However, the club said construction of the new south stand would reduce capacity this season by 6,000. It is being built as part of a £29.5m multi-use complex that will include a hotel, restaurants, shops, and offices.

Chelsea Village shares were introduced to AIM in March at 56p. Yesterday they closed down 2p at 54p.

share price was unchanged at 530.

The chairman said trading conditions had been difficult. "They say that every year," said Ms Audrey Carroll, analyst at stockbrokers Siddles. She said the results were below expectations and reduced her pre-tax profit forecast for the year from £2.8m to £2.2m.

Increased operating profits of £2.2m (£2.7m) included a full-year contribution from Premier Revenues of £900,000 while losses relating to the integration of the newly acquired Quad/Bokan hi-fi operations came to £282,000.

Verity forms NXT speaker offshoot

Shares in Verity rose 6½p to 22½p as the audio products group announced the formation of a separate subsidiary, New Transducers, to license and develop its NXT flat loudspeaker technology.

The group has transferred all its intellectual property related to NXT to the subsidiary. It has already placed 5.5 per cent of the equity in New Transducers for £1m, implying a total valuation of more than £18m.

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Copper tightness returns

Supply tightness returned to the copper market late this week, causing a resumption of the distortion of price between the London Metal Exchange and the New York Mercantile Exchange that has prevailed for much of the past two years.

Thursday's closing quotations saw the elimination of the modest "contango" - the normal situation in which nearby positions enjoy a discount against forwards reflecting the extra costs of storage, insurance and lost interest - established at the end of last week. And yesterday the market returned to "backwardation" - with nearby carrying premiums because of concern about the difficulty of obtaining metal for immediate delivery.

At last night's close the cash position was quoted at \$1,971.50 a tonne, up \$72.50 on the week, while the three months price was at \$1,970,

LME WAREHOUSE STOCKS (in thousands of tonnes)	
Aluminium	10,882,670
Copper	10,847,000
Lead	10,847,000
Nickel	10,847,000
Zinc	10,847,000
Tin	10,847,000

up \$59.50 on the week.

The rise in prices and the tightening in nearby price spreads was influenced by a quickening in the recent decline in LME warehouse stocks of copper. The 9,300-tonne fall announced yesterday followed one of 8,825 tonnes on Tuesday, taking total to 247,325 tonnes, down 6.8 per cent on the week.

"We expect the screws to tighten further," one trader told the Reuters news agency after the publication of yesterday's stocks report.

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amsterdam Metal Trading)

ALUMINIUM, 99.7 PURITY (\$ per tonne)

Cash 1375.5-1375.5 1415-1415

Previous 1375.5-1375.5 1415-1415

High/Low 1375.5-1375.5 1415-1415

AM Official 1375.5-1375.5 1415-1415

Kerb close 1375.5-1375.5 1415-1415

Open Int. 1375.5-1375.5 1415-1415

Total daily turnover 1375.5-1375.5 1415-1415

ALUMINIUM ALLOY (\$ per tonne)

Cash 1220-1220 1240-1240

Previous 1220-1220 1240-1240

High/Low 1220-1220 1240-1240

AM Official 1220-1220 1240-1240

Kerb close 1220-1220 1240-1240

Open Int. 1220-1220 1240-1240

Total daily turnover 1220-1220 1240-1240

LEAD (\$ per tonne)

Cash 780-780 785-785

Previous 780-780 785-785

High/Low 780-780 785-785

AM Official 780-780 785-785

Kerb close 780-780 785-785

Open Int. 780-780 785-785

Total daily turnover 780-780 785-785

NICKEL (\$ per tonne)

Cash 7150-7150 7200-7200

Previous 7150-7150 7200-7200

High/Low 7150-7150 7200-7200

AM Official 7150-7150 7200-7200

Kerb close 7150-7150 7200-7200

Open Int. 7150-7150 7200-7200

Total daily turnover 7150-7150 7200-7200

2202, special high grade (\$ per tonne)

Cash 9000-9000 9050-9050

Previous 9000-9000 9050-9050

High/Low 9000-9000 9050-9050

AM Official 9000-9000 9050-9050

Kerb close 9000-9000 9050-9050

Open Int. 9000-9000 9050-9050

Total daily turnover 9000-9000 9050-9050

LME Official 2202, special high grade 12000-12000

LME Closing 2202, special high grade 12000-12000

Spot 12000-12000 12000-12000

Spot 12000-12000 12000-12000

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Spot 12000-12000 12000-12000

Spot 12000-12000 12000-12000

Spot 12000-12000 12000-12000

Precious Metals continued

GOLD COMEX (100 Troy oz \$/troy oz)

Sett 378.7 -1.0 378.7 378.7 378.7 378.7

Previous 378.7 -1.0 378.7 378.7 378.7 378.7

High/Low 378.7 -1.0 378.7 378.7 378.7 378.7

AM Official 378.7 -1.0 378.7 378.7 378.7 378.7

Kerb close 378.7 -1.0 378.7 378.7 378.7 378.7

Open Int. 378.7 -1.0 378.7 378.7 378.7 378.7

Total 378.7 -1.0 378.7 378.7 378.7 378.7

PLATINUM COMEX (50 Troy oz \$/troy oz)

Sett 585.2 -2.0 585.2 585.2 585.2 585.2

Previous 585.2 -2.0 585.2 585.2 585.2 585.2

High/Low 585.2 -2.0 585.2 585.2 585.2 585.2

AM Official 585.2 -2.0 585.2 585.2 585.2 585.2

Kerb close 585.2 -2.0 585.2 585.2 585.2 585.2

Open Int. 585.2 -2.0 585.2 585.2 585.2 585.2

Total 585.2 -2.0 585.2 585.2 585.2 585.2

PALLADIUM COMEX (100 Troy oz \$/troy oz)

Sett 120.0 -0.0 120.0 120.0 120.0 120.0

Previous 120.0 -0.0 120.0 120.0 120.0 120.0

High/Low 120.0 -0.0 120.0 120.0 120.0 120.0

AM Official 120.0 -0.0 120.0 120.0 120.0 120.0

Kerb close 120.0 -0.0 120.0 120.0 120.0 120.0

Open Int. 120.0 -0.0 120.0 120.0 120.0 120.0

Total 120.0 -0.0 120.0 120.0 120.0 120.0

SILVER COMEX (5000 Troy oz \$/troy oz)

Sett 487.2 -3.8 487.2 487.2 487.2 487.2

Previous 487.2 -3.8 487.2 487.2 487.2 487.2

High/Low 487.2 -3.8 487.2 487.2 487.2 487.2

AM Official 487.2 -3.8 487.2 487.2 487.2 487.2

Kerb close 487.2 -3.8 487.2 487.2 487.2 487.2

Open Int. 487.2 -3.8 487.2 487.2 487.2 487.2

Total 487.2 -3.8 487.2 487.2 487.2 487.2

ENERGY

CRUDE OIL NYMEX (1,000 barrels \$/barrel)

Sett 23.86 -0.18 23.86 23.86 23.86 23.86

Previous 23.86 -0.18 23.86 23.86 23.86 23.86

High/Low 23.86 -0.18 23.86 23.86 23.86 23.86

AM Official 23.86 -0.18 23.86 23.86 23.86 23.86

Kerb close 23.86 -0.18 23.86 23.86 23.86 23.86

Open Int. 23.86 -0.18 23.86 23.86 23.86 23.86

Total 23.86 -0.18 23.86 23.86 23.86 23.86

CRUDE OIL NYMEX (2,000 US gals \$/gallon)

Sett 23.86 -0.18 23.86 23.86 23.86 23.86

Previous 23.86 -0.18 23.86 23.86 23.86 23.86

High/Low 23.86 -0.18 23.86 23.86 23.86 23.86

AM Official 23.86 -0.18 23.86 23.86 23.86 23.86

Kerb close 23.86 -0.18 23.86 23.86 23.86 23.86

Open Int. 23.86 -0.18 23.86 23.86 23.86 23.86

Total 23.86 -0.18 23.86 23.86 23.86 23.86

CRUDE OIL NYMEX (42,000 US gals \$/barrel)

Sett 23.86 -0.18 23.86 23.86 23.86 23.86

Previous 23.86 -0.18 23.86 23.86 23.86 23.86

High/Low 23.86 -0.18 23.86 23.86 23.86 23.86

AM Official 23.86 -0.18 23.86 23.86 23.86 23.86

Kerb close 23.86 -0.18 23.86 23.86 23.86 23.86

Open Int. 23.86 -0.18 23.86 23.86 23.86 23.86

Total 23.86 -0.18 23.86 23.86 23.86 23.86

CRUDE OIL NYMEX (100,000 US gals \$/barrel)

Sett 23.86 -0.18 23.86 23.86 23.86 23.86

Previous 23.86 -0.18 23.86 23.86 23.86 23.86

High/Low 23.86 -0.18 23.86 23.86 23.86 23.86

AM Official 23.86 -0.18 23.86 23.86 23.86 23.86

Kerb close 23.86 -0.18 23.86 23.86 23.86 23.86

Open Int. 23.86 -0.18 23.86 23.86 23.86 23.86

Total 23.86 -0.18 23.86 23.86 23.86 23.86

CRUDE OIL NYMEX (200,000 US gals \$/barrel)

Sett 23.86 -0.18 23.86 23.86 23.86 23.86

Previous 23.86 -0.18 23.86 23.86 23.86 23.86

High/Low 23.86 -0.18 23.86 23.86 23.86 23.86

AM Official 23.86 -0.18 23.86 23.86 23.86 23.86

Kerb close 23.86 -0.18 23.86 23.86 23.86 23.86

Open Int. 23.86 -0.18 23.86 23.86 23.86 23.86

Total 23.86 -0.18 23.86 23.86 23.86 23.86

CRUDE OIL NYMEX (400,000 US gals \$/barrel)

Sett 23.86 -0.18 23.86 23.86 23.86 23.86

Previous 23.86 -0.18 23.86 23.86 23.86 23.86

High/Low 23.86 -0.18 23.86 23.86 23.86 23.86

AM Official 23.86 -0.18 23.86 23.86 23.86 23.86

Kerb close 23.86 -0.18 23.86

COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
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Saturday September 28 1996

Economics of another world

Vietnam. Even 21 years after the ending of the war there, the name still resonates in the conscience of the west. This week, it achieved a milestone in the International Monetary Fund's latest World Economic Outlook, as the country expected to achieve the highest growth in the world.

Even though Vietnam's economy is likely to expand by 9.5 per cent this year, and will have grown by 30 per cent over the last three years, it remains a poor country with huge problems. However, its achievement illustrates remarkable changes which have been taking place in the world economy, particularly among the less developed and the former communist countries.

For example, in 1975, the fateful year in which America's GIs came home from Saigon, the industrial world was facing the dismal conjunction of an average annual inflation rate of 13 per cent and economic stagnation. Who then believed that the countries swallowed into the communist maw - in eastern Europe as well as the far east - could ever emerge as vigorous market economies?

Of course, huge problems remain to be overcome. However, in its rather spare press, the IMF explains that, despite the dangers, things are getting decisively better. "In the countries in transition (those emerging from communism), economic activity overall is projected to stabilise in 1996 after five years of decline. Eight countries are expected to register growth of 5 per cent or more. Further gains in reducing inflation are also projected."

Necessary medicine

The Fund can be allowed to congratulate itself a little that the medicine which it has prescribed for the world in past decades is proving to work. It has suffered reverses and disappointments in several countries (and Vietnam made up its prescription without the IMF's help). Even so, reducing deficits, controlling inflation, abandoning price controls, substituting market freedoms for political controls - all measures which have attracted fierce resistance and scorn from the Fund's critics - are now paying off.

The Fund and the World Bank do not deserve all the credit, by any means. However, the fact that the developing countries as a whole are expected to continue steady growth of about 6

per cent this year, while cutting inflation from an annual rate of nearly 50 per cent to 13 per cent, is at least partly due to the institutions' efforts to foster sensible policies.

The reduction of inflation has been especially impressive in Latin America, where the annual rate has fallen from more than 200 per cent in 1994 to an expected 20 per cent this year, associated with a modest acceleration of economic growth to 3 per cent. The countries of Africa have also made progress against inflation while raising average growth to 5 per cent.

Harsh reforms

It would be wrong to take too Panglossian a view of this progress. In many countries it still needs to be consolidated by painful reforms. And some countries remain in poor shape. In Russia, for example, the tumult which goes by the name of economy is only expected to get worse less quickly this year.

For the world as a whole, however, the outlook is cheerful. Inflation remains highly subdued in the industrial countries and under better control elsewhere. As the Fund points out, low inflation does not guarantee economic health, but high inflation makes an economy susceptible to ailments. On present policies, the IMF thinks inflation will continue to be subdued in the developing and former communist groups. Increasing output in these countries will push up the world's economic growth rate to over 4 per cent in the next five years. This is impressively better than the 3 per cent achieved in the 1980s and '90s - or the 2.6 per cent expected from the advanced countries.

If such trends continue, the world will indeed become a different place. In less than a decade the total output of the developing economies will have overtaken that of developed countries. High inflation might be a thing of the past. The IMF points out that sustained inflation is a relatively modern phenomenon. If it seemed in the mid-1970s almost impossible to tame, we now know that it can be done, and how.

Of course, low inflation and high average growth offer only distant hope to desperately poor people. Yet the IMF estimates that in 20 years the former communist countries could be as prosperous as developed countries are now. Far away? It is no more than the distance between now and the Vietnam war.

Men in the News • Benjamin Netanyahu and Yassir Arafat

Mr Benjamin Netanyahu, the prime minister of Israel and head of the right-wing Likud party, has been locked in emergency cabinet meetings since he cut short his visit to Germany on Thursday.

He has been briefed by the intelligence and security forces about the widespread violence in the West Bank and Gaza where armed Palestinians have clashed with Israeli defence forces leaving at least 60 people dead and thousands injured. He has been warned by the ultra-right parties in the coalition not to reward the Palestinians by making concessions to end the unrest. He has listened to his diplomats relaying the criticism over the violence from the Arab world, from Washington, Moscow and the European capitals.

For the first time since winning the elections last May when he defeated Mr Shimon Peres, head of the Labour party, Mr Netanyahu has had to listen. "Listening and taking advice were never Mr Netanyahu's strengths," says Mr Martin Kramer, head of the Dayan Centre for Middle East Studies in Jerusalem. "During his first 100 days in office he has cut himself off from the military, from the intelligence services and even from the cabinet."

That attitude, adds Mr Kramer, was one of the main reasons contributing to the massive scale of unrest among the Palestinians. Mr Netanyahu did not want to listen. He may be paying a price which could unravel the peace process and perhaps cost the prime minister his political life.

The Israeli prime minister was yesterday coming under increasing pressure to resume negotiations with Mr Yassir Arafat, president of the Palestinian Authority. Mr John Major, British prime minister, Mr Helmut Kohl, the German Chancellor, and Mr Jacques Chirac, the French president, have sent a joint appeal asking for "an immediate resumption of talks at the highest level".

Mr Arafat, by contrast, has seen his position strengthened by the events of recent days. Mr Netanyahu had attempted to marginalise the Palestinian leader over the past three months, and criticism had been mounting inside the West Bank and Gaza over his increasingly autocratic ways. But Mr Arafat has been able to re-establish himself as the undisputed leader of the Palestinians in attempting to restore the stalled peace process.

Mr Netanyahu won the election by vowing to slow down the peace process. "Maybe it was going too fast for his liking," says Mrs Hanan Ashrawi, higher education minister in the Palestinian Authority. "But he did not slow it down. He stopped it altogether."

More crucially, the previous government under Mr Peres had raised high expectations among the Palestinians about the pace of the negotiations and what they could expect from the peace process. It has been difficult for Mr Arafat's embryonic govern-

The high price of obstinacy

Judy Dempsey on the two leaders at the heart of the Jerusalem conflict



ment to lower those expectations and come to terms with a Likud government which seems to be giving no sense of direction to negotiations. "If anything, he was undoing some of that process by his recent decisions," says Mr Kramer.

Mr Netanyahu, for example, is set to expand the Jewish settlements in the West Bank, a move aimed at placating the Likud extreme right. He refused to give any timetable for the long-delayed redeployment of Israeli troops from the West Bank town of Hebron as stipulated in the 1995 Israeli-Palestinian Interim Agreement.

The Israeli prime minister has always linked progress in the peace negotiations to security, a fundamental plank in his party's platform. He has thus been reluctant to lift completely the border closures on the West Bank and

Gaza imposed earlier this year by the Peres government after a spate of bomb attacks on Israeli civilians.

This has effectively locked the Palestinians into their territories which lack any kind of viable economic infrastructure.

But the last straw came when he touched Jerusalem. This is one of the most sensitive issues which is due to be discussed as part of the final settlement.

Mr Netanyahu had already said he would not honour Israel's international commitment to negotiate over the return of Arab East Jerusalem. But the opening last Wednesday of a tunnel exit linking the Western Wall, the holiest site for Jews, to the al-Aqsa Mosque, one of the Moslems' holiest sites, detonated an explosion felt throughout the West Bank and Gaza.

The clashes between the Israelis and Palestinians this time are fundamentally different from previous ones - particularly those of the *intifada*, or Palestinian revolt which started in Gaza in 1987. Then, the Palestinians threw stones at the Israelis. But now Israeli troops confront Palestinian police forces which have been armed under the terms of the Interim Agreement's principles of self-rule for the West Bank and Gaza.

The sight of uniformed armed Palestinian police officers shooting at Israeli soldiers appears to have made Mr Netanyahu determined to refuse to discuss peace until the violence has ended.

"We will not have peace negotiations in parallel with the option of violence," he said yesterday. "We will not have our Israeli soldiers shot at. We will take every

available measure to protect our troops."

But there are growing misgivings among the Israeli public about Mr Netanyahu's ability to handle the peace process. In particular, there are doubts whether he can deal with the new relationship between the Israelis and the Palestinians created by the Interim Agreement.

As an editorial yesterday in Haaretz, the liberal Israeli daily, concluded, the prime minister was operating with "disturbing slowness and heaviness". An opinion poll in Yedioth Aharanot, a mass circulation daily, showed 54 per cent of respondents did not believe the tunnel exit should have been opened.

Mr Arafat has also been the object of criticism and frustration among Palestinians since Mr Netanyahu's election. He has been accused of not applying enough pressure to advance the peace process and keep the Palestinian Authority on centre stage.

At the same time he has been under attack for his autocratic style of rule. Opponents charge that his administration does not tolerate dissent and has imprisoned and tortured human rights activists. Aid meant to build a viable Palestinian economy is said to have been inefficiently used and even misappropriated.

But the 30,000-strong security forces he has built up and used primarily to control his own people have suddenly turned their guns on Israeli troops and transformed the credibility of Mr Arafat's regime. His most immediate task now is to show he can control his police forces.

"If Arafat cannot do that, then he is of no use. If he can, then he has to be accountable for what they do especially since we are dealing with two sides who are now armed," says an Israeli government official.

Even if the violence is brought under control, both leaders will be loath to return to the negotiating table without some concessions. And even if Mr Netanyahu wants to restart the negotiations, his room for manoeuvre is limited.

This is because Mr Netanyahu relies in parliament on the support of the ultra-right-wing and Orthodox parties. They will not accept concessions that would include closing the tunnel exit, stopping the expansion of settlements, redeploying troops from Hebron or giving up control around the biblical tomb of Joseph in the West Bank town of Nablus where there was very heavy fighting on Thursday.

"Netanyahu says he will not reward the Palestinians because of the recent days," says an Israeli government official. "But the point is some of those rewards are actually part of the peace process."

"Arafat knows this. But Netanyahu does not seem to understand it. So much depends on how much he is prepared to listen in the coming days."

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers. Letters may be sent to +44 171-873 3000. E-mail letters@ft.com. Letters are also available on the FT website, <http://www.ft.com>. Translation may be available for letters written in the main international languages.

Brussels has met textiles obligations

From Mr G. Arnold.

Sir, I refer to your editorial "Tangled yarn" (September 19). The dumping investigation you refer to was introduced by Eurocotton, which represents the whole of the European cotton industry. It pertains to dumping occurrences which took place in 1995.

Rather than being "perverse" the exercise is purely technical and it bears no relation with the European Union industrial or trade policy. The aim of the investigation is to determine if the evidence presented by the plaintiff is sufficient to establish beyond doubt that there has indeed been dumping.

The process is similar to that in any criminal investigation and its outcome does not reflect a political choice. A party is judged guilty or not.

But there is worse. The timing of the dismantling of the textile quotas is precisely defined in the

Uruguay Round Agreement and the EU has met all its obligations (no one is disputing it except the Financial Times).

The terms of the agreement are such that no "deal" is possible. But they also include the parallel obligations of the parties to provide access to their markets and to implement the World Trade Organisation rules.

Such obligations are simply not met by most leading exporting countries such as China, India, Pakistan, Indonesia and others and it is only legitimate that, when selecting the 17 per cent of products to be liberalised in phase II (the choice of importers), the extent of market opening by exporters be taken into account. In the context of their market opening obligation some countries "offered" to consolidate (ie to guarantee never to exceed) their tariffs at levels higher than before the Uruguay Round: they included Argentina, Indonesia,

Jamaica, Romania, Tunisia and Uruguay.

Others made "significant" concessions but from exceedingly high levels and thus costing very little. The list is long and the problem is that in 2004, when textile trade will be totally liberalised, their tariffs will be, on average, three to seven times higher than those of the EU. During the phase-out period, present tariffs will decrease linearly and be, in effect, more effective than quotas.

We will not suggest a conclusion except to say that the facts totally contradict the suspicion of a request by the EU for some kind of trade off or for a demonstration of protectionism.

G. Arnold,
director general,
The European Apparel & Textile Organisation,
24 rue Montoyer,
1000 Brussels, Belgium

Fortifications are a reason for tension

From Prof Dr S. Sanyal.

Sir, Kerin Hope, on a visit to the island of Simi, just six miles from the Turkish coast, mentions "Money talks louder than rhetoric on frontline isle" (September 18) seeing concrete bunkers and naval patrols. Your readers ought to be made aware that, under international law, these fortifications are strictly illegal and I believe they are one of the main reasons for the tensions between Greece and Turkey in the Aegean.

Since 1948, the Dodecanese are supposed to have been demilitarised. Greece's word seems to be worth very little.

S. Sanyal,
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Factors determining policy on IGC are precariously balanced

From Mr Andrew Cecil

and Mr William Law.

Sir, Ian Davidson ("Showdown time", September 18) correctly recognises the French and German governments' realisation that a new Labour government may not necessarily be more co-operative in the discussions on the revision of the Treaty on European Union than the present UK government. However, he bases his judgment on certain misconceptions. Labour party policy on Europe is far from determined or even clear at present. This is evidenced by the regular conflicting undertones

between the European Parliamentary Labour party (EPLP) and its domestic master. Should the dog wag the tail or should the EPLP be given a greater say in shaping Labour policy on Europe? Until the Labour party comes clean about its stance towards its European partners, it is unlikely that either French or German policymakers would base their approach to the intergovernmental conference on the silent dictum of Mr Blair's New Labour.

Second, it should not be assumed that France and Germany will push for the

maximalist agenda that outwardly they purport to support. French reservations about ceding further powers from the Elysée to Brussels are deeply rooted and will become more apparent as the focus of the IGC discussions narrow. A forerunner of what may be to come is the French government's insistence on excluding the European parliament from an active negotiating role at the IGC.

As for the Germans, Chancellor Kohl will need to gain popular support for any reforms that are proposed. This will have to be done within the context of a

delicate parliamentary majority and possible conflict with the strong economic and social forces within Germany at present.

Therefore the factors determining French, German and the Labour party's policy on the IGC are precariously balanced, but are more likely to be shaped by internal political considerations than by looking across national borders for guidance.

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1050 Brussels, Belgium

Don't forget.

The October issue of FT-IT will provide a comprehensive update of IT in retailing, from new in-store applications to the most recent developments in home shopping.

It will also examine the future development of the smart card as the 'electronic purse' becomes increasingly important throughout the world. It will again be essential reading for everyone involved in IT, whether as user or supplier.

If you would like to obtain back issues of FT-IT, or receive details of our FT-IT subscription service, ring +44 171 5389288. And don't forget to input Wednesday October 2.

Financial Times
World Business Newspaper

Hot labels steal the show

Luxury goods are selling well – but how long will the upturn last, asks Alice Rawsthorn



Catwalk comeback: Gucci doubled sales in the first half of the year

A good barometer for the health of the luxury goods industry is the size of American Vogue. This month it weighs in at over 700 advertising-packed pages, the thickest for nearly a decade.

There are other encouraging signs: designer fashion shows, including London Fashion Week, have had record attendances; and last week, Gucci, the hip Italian label, reported that it had doubled sales and trebled profits in the first half of the year. Gucci's resurgence, such as Avenue Montaigne in Paris and Manhattan's Madison Avenue, are led by builders' boardings while expensive boutiques are built behind them.

After a grim period, the luxury goods business has returned to the soaring sales and plump profit margins it enjoyed in the late 1980s. But there are different names on the Avenue Montaigne boardings. Gucci and its competitor, Prada, are expanding aggressively, as are the US fashion designers Calvin Klein and Tommy Hilf. Will the hot luxury brands of the 1990s buck the boom-and-bust cycle that bedeviled their predecessors?

The market is incredibly strong right now," says Mr. Edouard de Boisgelin, an analyst at Merrill Lynch in London. "But

this business is very volatile and incredibly cut-throat. It is also highly capital-intensive to build a brand for the long term."

The catalyst for the luxury revival is the economic climate: With the FT-SE 100 index edging towards 4,000 in London, and the Dow Jones Industrial Average approaching 6,000 in New York, affluent consumers in the established markets of Europe and North America feel relaxed about spending money, particularly as low interest rates give them little incentive to save it. Demand is also brisk in the emerging markets of Latin America, eastern Europe and south-east Asia.

Ten years ago the beneficiaries of the luxury market's buoyancy were established fashion houses – Chanel and Yves Saint Laurent in Paris, Gianni Versace and Giorgio Armani. They were known for instantly recognisable status symbols such as Chanel's double "C" buttons and Versace's faux-Bornon medallions.

Some old names are still flourishing. Armani opened a store on Madison Avenue this month, and Chanel completed a 17-storey skyscraper on nearby 57th Street with five floors occupied by Frédéric Fekkai, the \$290 (\$380) a-cut hairdresser.

Other names, however, are growing faster. Gucci, dismissed

as a has-been brand in the late 1980s, has staged a remarkable revival since Investcorp, the Bahrain-based bank, took control from the founding family in 1993 and appointed a young Texan, Tom Ford, as chief designer. Domenico De Sole, president, says it sold \$200m of ready-to-wear in the first quarter of 1996 – "almost the same as in the whole of 1993 and 1994". He plans to add 18 new boutiques to Gucci's 65-strong chain by the end of 1997, including its first stores in China and Russia.

Prada, virtually unknown 10 years ago, has built a business with consolidated retail sales of £800m (\$380m) and 65 shops. Its chief designer is Miuccia Prada, the founder's granddaughter, whose husband, Patrizio Bertelli, is chief executive.

After launching new boutiques on Madison Avenue and Avenue Montaigne this month, Mr. Bertelli plans to open another 17 next year. He is also reportedly negotiating a perfume licensing deal with Estée Lauder, the US cosmetics group.

The driving force behind Gucci and Prada's growth was the change in taste away from formal French elegance to what Patrick Cox, the London-based shoe

designer whose colourful Wembley loafers are 1990s fashion icons, calls the "new aesthetic".

"Today's consumers are more confident about what they buy," says Cox, who opened his first boutique in London five years ago and is now expanding in Asia and North America. "They want subtle status symbols and high quality. The old guard of designers didn't get it."

The "new aesthetic" created an opportunity for US designers, whose ready-to-wear has traditionally been dismissed as stylistically derivative with poor quality, to introduce those ranges and their newly fashionable sportswear lines into Europe and Asia.

This weekend Donna Karan is opening a flagship store on London's Bond Street. Tommy Hilf is looking for a site there, and Ralph Lauren is already developing one, as is Calvin Klein who recently opened boutiques in Hong Kong and Seoul.

Designers have to open and operate their own shops, partly to present a coherent image for their brands, and partly to offset the power of the department stores – particularly in North America, where the retail sector is heavily consolidated. But establishing such showcases is expensive. The stream of store openings is driving up property

prices as designers chase the same sites in the limited number of suitable locations. Promotion is also an expensive business. Gucci will spend roughly \$50m this year on advertising and other promotional activities such as fashion shows. Luxury companies are also locked in costly legal battles against the counterfeiters selling \$5 fake Calvin Klein T-shirts and \$20 mock-Prada bags. Mr. Bertelli regards copyists and counterfeiters as Prada's biggest problem.

The need to control their image makes today's luxury companies wary of securing short-term sales growth by signing licensing deals with their antecedents, did in the 1970s and 1980s. "You have to exercise a great deal of discipline," says Mr. De Sole, who spent years covering Gucci's old licensing and distribution deals. "You can get into a lot of trouble if your distribution isn't right, or you license unsuitable products."

With cleverly controlled promotion and distribution, the public may come to see the hot labels of the 1990s as timeless classics like Hermès bags and Cartier watches. But for all their success in overtaking the established brands, there can be no guarantee for the new designers that they will not eventually succumb to the same disease of transience.

A Brussels directive is threatening an elegant piece of UK good practice, says Lionel Barber

Takeover trouble at the EU corral

How much clout do the British still wield in Brussels? We shall discover the answer. And for once it will have nothing to do with the beef crisis, the Maastricht treaty review conference or the single currency.

At stake is an obscure piece of Euro-legislation called the 13th framework directive on takeover bids. Often dismissed as comatose, the directive has been moving fitfully through the system since 1985. Now it has enjoyed a Lazarus-like revival, to the alarm of the City of London. The resulting stand-off is a microcosm of the UK's troubled relationship with Europe.

The British case against the European Union's takeover directive is cultural as well as practical. The UK has by far the highest number of mergers and bids in Europe. Its system relies on self-regulation rather than the statute book. The cornerstone is the Takeover Code, which has evolved over 25 years.

Mr. Alistair Defries, an ex-Warburg executive who is director-general of the Takeover Panel and a frequent visitor to Brussels these days, says an EU-wide direc-

tive will inevitably put self-regulation at risk. The code's chief assets are speed, flexibility and certainty. Mr. Defries's nightmare is that aggrieved parties will seek redress in the UK courts and, ultimately, the European Court of Justice, the bugbear of Tory Eurosceptics.

So what is the European Commission up to? The answer lies in the tangled history of the takeover directive. It began in 1985 as a good-faith effort to make it easier for European companies to expand and restructure in the internal market. The proposed incentive was a legally backed guarantee of equivalent standards of protection of shareholders in mergers and acquisitions.

The original EU directive was too detailed and intrusive. It might have expired had it not been for a dramatic battle in 1989 in Belgium for control of Société Générale de Belgique involving Mr. Carlo De Benedetti, the Italian industrialist, and a French-backed rival consortium. The contested bid for Générale not only exposed holes in Belgian law, but also prompted a French-led campaign for Europe-wide clarity.

A revised directive trun-

dled through the Commission, and almost tripped up at the Edinburgh summit in December 1992. At the time, EU leaders were supposed to scrap legislation deemed redundant on the grounds of "subsidiarity" – the Brussels code for devolving decision-making to the lowest appropriate level. By April 1995, after the accession of Austria, Finland and Sweden to the EU, the Commission consulted the member states again and a majority signalled they were in favour of a new directive.

Commission officials insist that the revised proposal would export the best of the British practices to Europe. Hence the requirement for a national supervisory authority; an obligation to make a bid once "control" is established; a ban on false markets; and a flimsy clause which states that companies should be protected from being the target of bids for "longer than reasonable".

The Commission points out, fairly, that the present takeover regime in Europe is a hotch potch. Austria has no legislation. Belgium has no minimum threshold for shareholdings that would automatically trigger a bid. Denmark has a code but no rules. Germany's tradition of



cross-shareholdings and its aversion to hostile bids makes its system doubly opaque.

As for the British, the Commission believes it can soothe fears about a new statutory framework with one elegant phrase, apparently drafted with the help of Sir Leon Brittan, the EU trade commissioner. This would state that "the arrangements which transposed the directive in the UK are the City Code and the Takeover Panel". But the Department of Trade and Industry and the panel are worried that this still leaves the authorities vulnerable to legal challenge.

Beyond these fine legal points lies a much bigger political argument. Member states have made considerable progress in setting national minimum standards for takeovers over the past 10 years. In this sense, the original Commission proposal has provided countries into corrective action under the threat of "Euro-legislation". Furthermore, the revised directive does not address the real barriers to takeovers in Europe such as cross-shareholdings, bearer shares, and proxies handed out to individuals.

Can the British carry the argument? Mr. Defries is philosophical. After 11 years, he says, the directive may just gather dust. Or it could be diluted into a "recommendation", though there are

few precedents in EU company law. In the last resort, if the directive goes to the Council of Ministers, the UK will have to rely on the Germans, Dutch and Danes to form a "blocking minority". But a fight in Council is a risky venture. British blocking tactics during the beef war have used up a lot of goodwill. As Mr. Defries admits, "There is a danger that when the British say they are opposed to something, their motives can be misinterpreted."

Those in Britain who wish to turn every policy into a do-or-die battle over national sovereignty should take heed. The British risk being ignored even when good sense is on their side.

terence speech of the unity he expects the party to demonstrate in the impending – and unprecedented – vote of its members on New Labour, New Life for Britain, its fledgling manifesto.

Division in the Tory party are probably deeper and focus on one main issue: whether sterling should participate in European monetary union. Mr. Major is terrified the conference will be hijacked by the Eurosceptics' campaign for the government to rule out sterling's membership of a single currency for the lifetime of the next parliament.

Pitched against the Eurosceptics is Mr. Kenneth Clarke, the pro-European chancellor. He appears to have thrown caution to the wind in the aggressive tactics he is now employing. His aim is to keep the prime minister wedded to leaving open the question of whether sterling should join.

Mr. Clarke has made it clear he will not remain as chancellor if the government's stance on monetary union shifts further in a Eurosceptic direction. Although the prime minister is tempted by the idea of ruling out joining the monetary union for the next parliament, he is reluctant to risk losing his chancellor since it could prompt the collapse of his government.

Although Mr. Major has said that he expects the election to be in the spring, he is still toying with the possibility of an autumn general election to avoid being forced to leave it to the last possible opportunity. May remains the probability, but a successful conference will move the odds fractionally towards a November poll.

How life went flat for Pepsi

Coca-Cola's rival must learn to make the best of second place, says Richard Tomkins

Somebody has to say it: Pepsi has lost the old war. Coca-Cola has a tasteless victory. But that doesn't mean it has to be a bad business.

Observers say PepsiCo needs to change its soft drinks strategy to adjust to the reality of Coca-Cola's dominance. The company's international soft drinks business, they say, has been delivering poor profits because of its over-

ambitious attempts to wrest market share from Coca-Cola. "PepsiCo intermittently bites off more than it can chew, aggressively pursuing market share growth rather than profit growth," says Mr. Michael Branca, an analyst at Lehman Brothers. "It comes into a market and tries to go from a 10 per cent share to a 40 per cent share, and Coke simply won't let it do that."

Yesterday, PepsiCo seemed to have finally accepted that fact. Mr. Enrico said: "There are certain markets where consumers have a lot of brand loyalty, and no matter how much you are willing to invest, you just can't make big gains fast against a well-established market leader."

This, of course, is not to say that PepsiCo is giving up. But it does suggest that the company will switch the focus of its efforts to emerging markets such as China, India and eastern Europe, where it can prosper alongside Coca-Cola rather than trying to defeat it.

"I think it is a mistake to think of the international soft drink business as a constant sum game," said Mr. Enrico. "Most of the time, we don't have to beat Coke to have a huge and growing business. There is a lot of market growth to come out there in a whole lot of places around the world."

And as Mr. Craig Weatherly, the new head of soft drinks, points out, accepting second place need not be too bad a fate, especially when there is nobody close behind.

"We are the only number two in a \$100bn-plus category," he said. "Obviously, if you are in consumer packaged goods, anyone would envy our number two position."

Anyone, that is, except Coke.

PepsiCo: losing its fizz

Operating profits 1995

International restaurants \$114m

US restaurants

International snack foods \$300m

US snack foods

International beverages \$220m

US beverages

Source: PepsiCo

Figure depicts effect of accounting changes

Red is blue and blue is red. Such at least appears to be the surreal message of the Tory and Labour leaderships for the coming fortnight, when they are subjected to scrutiny at their annual party conferences.

With just months to go before the general election – which must take place by May next year – Mr. Tony Blair and Mr. John Major have swapped clothes.

Mr. Blair, on the platform at the hall of Blackpool's gaudy Winter Gardens, will portray himself as the reassuring middle-class voice of those on middling incomes. "I'm just like you," he will imply. "I too want a nice house and safe streets for my children. And like you, I too get the shudders from those crass, bullying trade union bosses. Believe me, I would much rather have lunch with a politely spoken businessman."

Mr. Major, in the rather more genteel surroundings of Bournemouth on the south coast, will portray himself as the "ordinary bloke", who pulled himself up from the shabby back streets of Brixton to Downing Street.

The entire Tory conference will be focused on his "classless appeal", the party's strategists regard as their greatest asset.

"We are going to be contrasting our boy who made it to the top from his famously underprivileged background with the public-school educated Blair," says a close adviser to the prime minister.

The parties are cross-dressing because they have identical views about the hopes and fears of the elec-

Dressed to impress

Major and Blair are swapping clothes, says Robert Peston



The politics of envy: Tony Blair (left) and John Major are reaching for each other's values

torate they need to woo. And both are focusing much of their attention on the same groups of voters – the bottom end of the middle-class and top of the working-class.

Their surveys show that the electorate in general – and these voters in particular – are bored with 17 years of Conservative government but fearful of radical change. Labour's task is to appear "new" but "safe". It will continue its efforts to show that it is converted to much of the individualism associated with Baroness Thatcher in the 1980s.

Hence the symbolic importance for Mr. Blair of what Labour says about income tax if it is to break with its old image as a tax-and-spend party. He has decided that if Labour proposes a new top rate – which is by no means certain – it will be no greater than 50 per cent and will only be levied on incomes over £100,000 a year.

His main rallying cry will be the need for a Labour government to take a lead in the regeneration of the UK. But again it will be couched in language traditionally associated with the Tories.

"Everything we do this week will be about the future of the UK, about the potential of our country," says one of his confidants. The message will be consciously "patriotic", using the emotive language of the need to prepare for the coming millennium.

There will be no shocking new initiatives. The whole

thrust will be to reassure the electorate that the technocratic Mr. Blair is competent and definitely not extreme.

On the other hand, the Conservatives' challenge is to appear renewed – without seeming to have moved to the extreme right. Their strategists have been influenced by what they see as the success of Mr. Bob Dole's language of "empowerment" at the Republican convention a month ago.

The key word at their conference will be "opportunity", with the emphasis on welfare reform – especially measures to force the unemployed to take jobs – the order part of the law and order agenda and lower taxation.

And their new socially

inclusive credentials were on show yesterday in an advertisement for trade unionists to support them.

"Working men and women are welcome in the Conservative party," the advert claimed. "We pledge not to put any interests above yours."

Of course, neither conference will run precisely as scripted by the party leaders and their media advisers. Mr. Blair and Mr. Major both fear the messages they wish to project will be overshadowed by internal party fights.

In the case of Labour, delegates from the more left-leaning unions and constituency parties are expected to inflict several symbolic defeats on the leadership in conference votes. One is

likely to be pensions, where Baroness Castle has campaigned against Mr. Blair's refusal to restate the link between state pensions and average earnings.

Although a defeat on this issue will have no effect on what Mr. Blair would do in government, it would be an embarrassment. So would a defeat on the proposals to abolish child benefit for 16- to 18-year-olds and replace it with a "targeted" educational allowance.

"I can't say I am completely relaxed about such defeats," says a senior member of the shadow cabinet, "because they will be portrayed in the media as signs that the party is split."

Mr. Blair will therefore make great play in his con-

CURRENCIES AND MONEY

Sterling high

MARKETS REPORT
By Richard Adams

Sterling continued its upward charge on international currency markets yesterday, boosted by heavy trading in government bond and short-dated sterling contracts.

The pound strengthened further against the D-Mark, to trade at its highest levels this year. Sterling eclipsed its July peak of DM2.382, to reach a peak last seen in February 1995. It finished the day's trading in London at DM2.3834, up from DM2.3774 the previous day. The pound began the week below DM2.3600.

Meanwhile, short sterling interest rate futures for 1997 and 1998 again rose steeply. December 1997 contracts were trading eight basis points higher on the day, while March 1998 contracts were nine points up. Sterling also stayed firm against the US dollar, closing at \$1.5637, a slight rise from Thursday's closing price of \$1.5624. The Bank of England's trade-weighted sterling index moved up from 86.7, at the start of the day, to 86.9.

Sterling's performance was aided by the dollar's strong showing during the week, and the decline of the D-Mark across the board during the week.

The D-Mark was hit by a move out of the German currency into higher-yielding currencies on the periphery of European monetary union (EMU).

The main beneficiary of the D-Mark's fall was the Italian lira, which strengthened after continued buying of government bonds.

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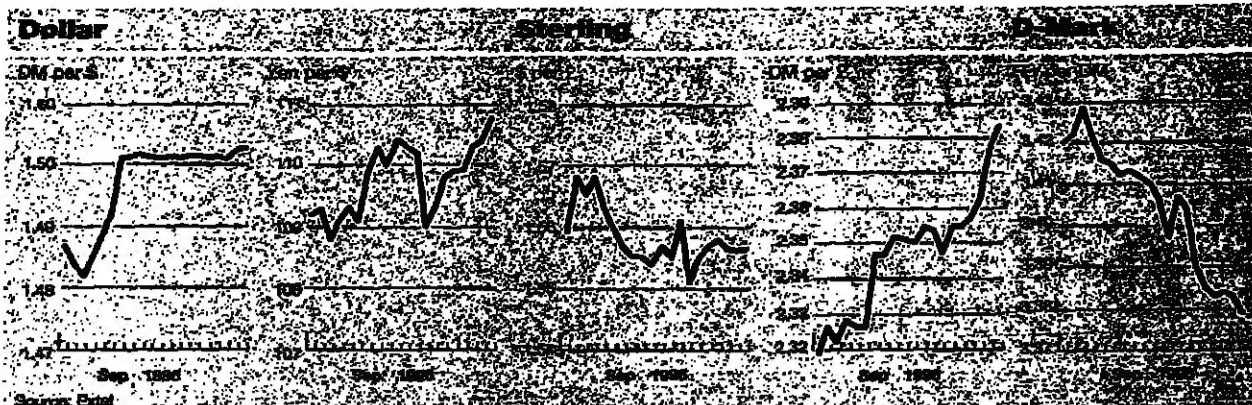
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UNIT TRUSTS

WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

NatWest UK Smaller Cos	1,406
Jupiter European	1,376
Johnson Fry Soter Growth	1,357
Mercury Recovery	1,348
Hill Samuel US Smaller Cos	1,340

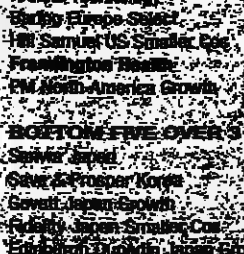
BOTTOM FIVE OVER 1 YEAR

Save & Prosper Korea	704
Baring Korea	718
Old Mutual Thailand Acc	734
Schroder Seoul	757
Schroder Seoul	800

Mercury Recovery



Framlington Health



Mercury Gold & General



Prolific Technology



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. Source: HSW (01625 511311)

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Average Unit Trust	1084
Average Investment Trust	1084
Bank	1084
Building Society	1084
Stockmarket FT All-Share	1084
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UK Growth

Jupiter UK Growth	1210
Credit Suisse Fellowship Inc	1184
Johnson Fry Soter Growth	1357
Sayna UK Growth	1208
Barclays UK Leisure	1170
SECTOR AVERAGE	1102

UK Growth & Income

Credit Suisse Growth Port Inc	1110
Mercury UK Blue Chip	1118
Proflite UK Blue Chip	1128
Cazenove UK Equity	1136
Lazard UK Income & Growth	1062
SECTOR AVERAGE	1078

UK Smaller Companies

Laurence Kean Smaller Cos	1320
INVESTCO UK Smaller Companies	1289
Hill Samuel UK Emerging Co's	1448
Gartmore UK Smaller Companies	1302
AES Smaller Companies	1249
SECTOR AVERAGE	1121

UK Equity Income

Jupiter Income	1188
GT Income	1148
BWD UK Equity Income	1148
Lazard UK Income	1116
Britannia High Yield Inc	1138
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Baillie Gifford Conv & General	1018
CU PPT High Yield	1104
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Growth Suisse High Income Port	1088
NPI UK Extra Income Inc	1088
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Thornhill Dredner Europe Bond	1048
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Bank of Ireland Ex Mgd Growth	1079
NFI Worldwide Income Inc	1118
Gartmore PS Long Term Balance	1128
Cazenove Portfolio	1079
SECTOR AVERAGE	1088

International Growth

Proflite Technology	1121
Framlington Growth	1228
HTR Global Technology	888
Scott Equitable Technology	1082
Singer & Friedlander GI Gt PEP	1075
SECTOR AVERAGE	1081

Nth America

Hill Samuel US Smaller Co's	1340
PM North America Growth	1180
Gartmore American Emer Gth	1491
Govett American Growth	1146
Friends Prov American Sm Cos	1338
SECTOR AVERAGE	1124

Europe

Baring Europe Select	1327
Jupiter European	1376
INVESTCO European Small Cos	1289
Gartmore European Sel Opps	1187
Schroder Euro Small Co's Inc	1214
SECTOR AVERAGE	1113

Japan

Hill Samuel Japan Technology	983
NatWest Japan Acc	1077
Redwood Japan	1074
Govett Japan Growth	987
F&C Anglo Nippon Exempt	979
SECTOR AVERAGE	985

Far East Inc Japan

Schroder Far East Growth Inc	1038
Abnvest Pacific	1069
Govett Greater China	1018
Perpetual Far East Growth	1030
Proflite Far East	1033
SECTOR AVERAGE	1012

Far East ex Japan

HBSO Hong Kong Growth	1233
GT Orient Acc	1300
Mercury Pacific Growth Inc	1104
Gartmore PS I S Pacific Rim	1118
Baring Eastern	980
SECTOR AVERAGE	1008

Commodity & Energy

Save & Prosper Gold & Exptn	1188
Mercury Gold & General	1029
M&G Commodity & General	1094
Waverley Australasian Gold	1048
M&G Gold & General	1133
SECTOR AVERAGE	1082

Best Peps

Jupiter European	1376
INVESTCO European Small Cos	1289
Gartmore European Sel Opps	1187
Schroder Euro Small Co's Inc	1214
SECTOR AVERAGE	1113

Money Mkt

Stewart Ivory Managed Cash	1058
Newton Cash Acc	1046
Midland Money Market	1052
M&G Treasury	1048
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Exeter Fund of Investment Trs	1088
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Portfolio Fund of Funds	1074
Morgan Grenfell Managed Inc	1072
Fidelity Moneybuilder	1088
Sun Alliance Portfolio	1107
Britannia Managed Port'fo Inc	1105
SECTOR AVERAGE	1045

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Save & Prosper Financial Secs	1242
Barclays Uni FTSE 100	1181
Framlington Financial	1181
Hill Samuel Financial	1122
Edinburgh Financial	1111
SECTOR AVERAGE	1104

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Stewart Ivory Emerging Market	1137
Mercury Emerging Markets	1138
City of London Emerging Mkts	962
Framlington Emerging Markets	945
Abnvest Emerging Markets	1004
SECTOR AVERAGE	983

INVESTMENT TRUSTS

WINNERS AND LOSERS

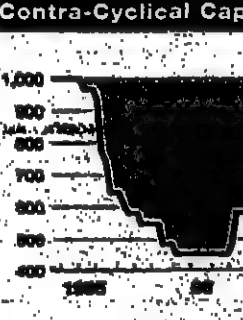
TOP FIVE OVER 1 YEAR

TR Technology	1,288
Mercury Recovery	1,232
Baring Emerging Europe	1,219
River Plate & General Capital	1,214
Pembury Worldwide Pharmacy	1,211

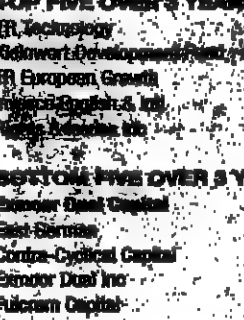
BOTTOM FIVE OVER 1 YEAR

Exmoor Dual Capital	498
Contra-Cyclical Capital	513
Exmoor Dual Inc	565
Fulcrum Capital	571
Schroder Split Fund Capital	708

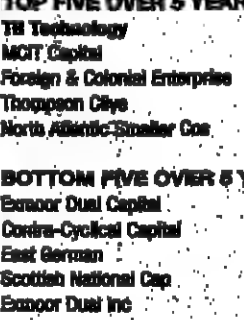
Contra-Cyclical Capital



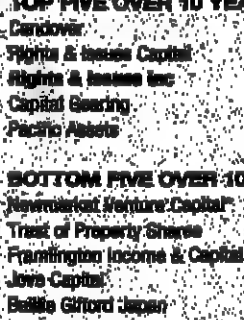
Exmoor Dual Capital



TR Technology



Rights & Issues Inc



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. For investment trust prices see main paper.

UK General

Mercury Keystone	1188
Firebury Trust	1148
Firebury Growth	1127
Flaming Claverhouse	1228
Melvern UK Index	1102
SECTOR AVERAGE	1119

UK Capital Growth

Flaming Enterprise	986
Broadgate	1129
Neimont Endowment Policy	1230
Nory & Sims ISIS	1328
Welsh Industrial	1111
SECTOR AVERAGE	1164

Smaller Companies

INVESTCO English & Int'l	1414
Henderson Strata	1388
Perpetual UK Smaller Cos	1208
Ivory & Sims UK Smaller Cos	1372
Cazenove Smaller Companies	1319
SECTOR AVERAGE	1187

UK Income Growth

Morgan Grenfell Equity Income	1039
Value and Income	1047
Temple Bar	1044
Lowland	945
TR City of London	1031
SECTOR AVERAGE	1088

Venture and Devt Cap

Kleinwort Development Fund	1408
Candover	1304
Foreign & Colonial Enterprise	1491
Thompson Clive	1401
Dunedin Enterprise	1207
SECTOR AVERAGE	1184

International General

Personal Assets	1243
Lav Dobson Corporation	1083
Brunner	1106
Second Alliance	1182
Alliance	1184
SECTOR AVERAGE	1120

Int Cap Gth

RT Capital Partners	1282
Primadon	1879
English & Scottish	1118
Electric and General	1232
TR Technology (Units)	1188
SECTOR AVERAGE	1148

Int Income Growth

Murray International	1181
Securities Trust of Scotland	1101
British Assets Ordinary	1101
SECTOR AVERAGE	1129

North America

North Atlantic Smaller Cos	1082
Govett American Smaller Cos	1188
US Smaller Companies	1009
American	1148
SECTOR AVERAGE	1112

Continental Europe

TR European Growth	1315
Fidelity European Values	1182
Gartmore European	1212
Flaming European Pledging	1289
Martin Currie European	1235
SECTOR AVERAGE	1207

Pan Europe

Kleinwort Charter	1218
European Smaller Companies	1159
ECU Trust	1070
SECTOR AVERAGE	1166

Japan

Flaming Japanese	1038
GT Japan	991
Edinburgh Japan	982
Baillie Gifford Japan	996
Baillie Gifford Shin Nippon	986
SECTOR AVERAGE	1016

FE Inc Japan

TR Far East Income	1172
Foreign & Colonial Pacific	1077
Govett Oriental	1077
Martin Currie Pacific	1108
Flaming Far Eastern	911
SECTOR AVERAGE	1039

Far East ex Japan, General

TR Pacific	1008
Scottish Asian	1028
Pacific Asian	1028
Aberforth Split Level Cap	912
Edinburgh Dragon	908
SECTOR AVERAGE	1004

Far East ex Japan, Single Country

First Philippine	1060
New Zealand	1009
Siam Selective Growth	920
Abnvest New Thai	1043
Korea Liberalisation Fund	852
SECTOR AVERAGE	983

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Templeton Emerging Markets	1054
Kleinwort Emerging Markets	945
Beta Global Emerging Markets	1041
Govett Emerging Markets	981
Foreign & Colonial Em Markets	989
SECTOR AVERAGE	989

Closed End Funds

Capital Gearing	1246
Scottish Value	1086
London & St Lawrence	982
New City & Commercial	941
Exeter Preferred Capital	901
SECTOR AVERAGE	1025

Property

TR Property	1174
Trust of Property Shares	912
SECTOR AVERAGE	1122

High Income

Gartmore Scotland (Units)	1102
City Merchants High Yield	1077
Flaming High Income	1088
Dermot	988
Glasgow Income	1041
SECTOR AVERAGE	1015

Split - Capital

Rights & Issues Cap	1219
MCT Cap	1344
Joe Holdings Cap	1156
Aberforth Split Level Cap	1212
Derby Cap	1197
SECTOR AVERAGE	1029

Split - Inc & Residual Cap Shares

TR Technology	1588
Henderson EuroTrust	1416
Firebury Smaller Companies	1183
I&S Optimum Income	1196
Flaming Int High Income	1102
SECTOR AVERAGE	1042

Split - Income

Rights & Issues Inc	1429
Derby Inc	1130
MCT Inc	1308
St David's Inc	1080
General Consolidated Inc	1098
SECTOR AVERAGE	1076

Split - Zero Dividend

Edinburgh Income Zero Pref	1159
Jupiter European Zero Div Pf	1134
M&G Income Zero Div Pref	1191
Firebury Smaller Cos Zero Pref	1122
Jupiter Extra Income Zero	1101
SECTOR AVERAGE	1113

Unit trust results show the spread between buying and selling prices and assume net income received. Investment trust results are calculated on net asset value and net income received. Volatility shows the standard deviation of monthly price movements for each fund over the last 3 years. A fund's standard deviation describes the way these movements are dispersed around its average and is a common measure of volatility. A low standard deviation means the monthly returns for a fund have shown little variation and the volatility is relatively low. A high figure represents a more volatile performance. Values are given. Darker letters refer to Lloyd's Bank 30-day monthly account and values to an investment of £10,000. Building Society figures refer to the Building Society's 30-day monthly account and values to an investment of £10,000. Investment trust discounts refer to prices in net asset value. A capital figure indicates the price as at a particular date. Discounted figures are calculated on the underlying net asset value supplied by the fund's administrator. *Current in voluntary liquidation.

Glossary

Peps: Some, but not all, unit and investment trusts can be put into a general personal equity plan which shields investors against both income and capital gains tax. The PEP rules are that you can put £5,000 into a general PEP (and a further £3,000 into a single company PEP). To qualify for the full £5,000 general PEP allowance, a minimum of 50 per cent of a plan's assets must be held in European Union shares or qualifying corporate bonds. A trust which has more overseas investment, but is still 50 per cent invested in shares, is non-qualifying and limited to a PEP content of £1,500.

Discount: Investment trust shares traditionally sell for less than their underlying asset value. The gap between the two is known as the discount. In the 1974 bear market, discounts were as wide as 45 per cent and although they have mainly narrowed to well under 10 per cent in recent years, they add an additional uncertainty to investment trust share price prospects. The sharp narrowing of the discount is another reason why investment trusts look better than most trusts on longer-term comparisons.

Split capital trust: Caveat emptor. If you do not already know what the trust is, you would probably be wiser to avoid them. They are companies with more than one class of share capital. The traditional variety is relatively simple: income shares get all the income, capital shares get all the growth over the life of the trust. But nowadays splits are highly complex with several different types of security with

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LISTEN NEXT TO THE COMPANY.

Alcans Wales	0356 43 2701	Weston Power	0356 43 4951
Chlorine Group	0356 43 5485	Worthington	0356 43 2786
Weldolac	0356 43 4490	McDonald Technology Systems	0356 43 3479
British Telecommunications	0356 43 1925	Tadpole Technology	0356 43 1113
Garitas International	0356 43 4505	Jervis	0356 43 3030
Pan Andean Resources	0356 43 5281	Medhurst Holdings	0356 43 2165
Hydro TSO Group	0356 43 4520	Shillig Diagnostics	0356 43 3629
British Biotechnology Group	0356 43 2619	Stanford House Holdings	0356 43 5259
British Gas	0356 43 1912	HBK	0356 43 1717
Oncoms Most House	0356 43 3745	Plastric Controls	0356 43 4786
SysPharmex Ord 10p	0356 43 4222	Toms	0356 43 4197
Brent Walker Group	0356 43 1945	Adco Group	0356 43 3333
Manchester United	0356 43 3276	Lynbrook Group	0356 43 3115
Weston Power Ord 50p Part Paid	0356 43 5008	Tallent Ord	0356 43 4886
Protein International	0356 43 2551	Environmetal	0356 43 4597
Hychem	0356 43 2825	Langley Corporation	0356 43 5329
Wodehouse Group	0356 43 5555	Carynco Services Group	0356 43 4866
Leas Industries	0356 43 3252	Cable & Wireless	0356 43 2028
MAID	0356 43 3985	Wahn Group	0356 43 3568
Anti Restoncs	0356 43 1362	Reithon	0356 43 2033
Ballbrook	0356 43 4343	Clax International	0356 43 2572
Gray Electronics Holdings	0356 43 2278	0356 43 4702	
Argenson Power	0356 43 4551	PowerGen Ord 50p part paid	0356 43 5207
Firecrest Group	0356 43 5253	Spring Rock Corp.	0356 43 4082
Pylon	0356 43 4861	Almowest	0356 43 2274
Forman Oil	0356 43 5296	Hedley Latham	0356 43 1846
RTI	0356 43 1957	Hendry Countryside	0356 43 2808
Sargent Group	0356 43 3782	0356 43 5265	
ASDA	0356 43 1659	Amalfi Damsay	0356 43 1538
Calson	0356 43 4711	Ranick	0356 43 4696

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Guide to pricing of Authorised Unit Trusts
Compiled with the assistance of AUTIF SS

Initial charges: Charges made by a unit trust manager. Used to deliver marketing and

Administrative costs: Includes the cost of the managers' salaries and the cost of the managers' overheads. These costs are normally paid on the basis of the value of the shares at the most recent valuation. The prices shown are the latest estimate before publication and may not be the current clearing level of an intervening portfolio reversal or a move to a forward price basis. The managers may deal at a forward price on request, and may move to forward pricing at any time.

Treatment of manager's periodic charges: The letter C denotes that the trust deducts all or part of the manager's periodic charge from capital, contact the manager for full details of the effect of this course of action.

Edit charges: The letter E denotes that an edit charge may be made when you sell units. Contact the manager for full details.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is

indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (V) - 0901 to 1100 hours; (H) - 1101 to 1400 hours; (E) - 1401 to 1700 hours; (N) - 1701 to midnight. Daily dealing prices are available on the Internet at www.egf.co.uk.

The fund prices published in this edition are also available at the www.fundfreebies.com.

Weekend FT

Eternal divide in the thrice Holy City

The violence of the past week is but the latest chapter in a millenarian conflict with its origins in scripture and statehood, says David Gardner

If I forget thee, Oh Jerusalem, let my right hand lose its cunning. Psalm 137
"Jerusalem is our heritage as much as it is yours. It was from Jerusalem that our Prophet ascended to heaven, and it is in Jerusalem that the angels assemble."
 Letter from Saladin to Richard the Lionheart.

Jerusalem is much more than a Berlin, or a Belfast, or a Beirut, or any other city divided by ideology or theology. The thrice Holy City, sacred to Jews, Moslems and Christians, is built on combustible myth. National ambition and religious tradition have collided through the millennia. The symbols — synagogue, mosque and church — dominate the skyline and yet are submerged by the tides of conflict and violence.

The late 20th century phase of the contest began when Israel took over Arab east Jerusalem in the 1967 Six Day War. Israelis regard the entire city, *Yerushalayim*, as the indivisible and eternal capital of the Jewish state. That view of the history begins and ends with the Old Testament. What matters is that, according to the second Book of Samuel, King David made this "fortress of Zion" his capital around 1000BC. It is not relevant that only Zaire, El Salvador and Costa Rica recognise any part of Jerusalem as Israel's capital.

The Palestinians are equally determined that the east of the city they call *Al Quds* will become the capital of their independent state, which will occupy only a portion of their ancestral land — the West Bank and Gaza Strip. Their national ambition is supported by other Arabs, and complemented by the spiritual aspiration of the world's 1bn Moslems in the importance

they attach to Jerusalem. Saladin, the Moslem hero who recaptured the Holy City from the marauding Crusaders in 1187, reminded the departing Richard the Lionheart, that it is from Temple Mount, the third holiest place in Islam, that the Prophet Mohammed is believed to have ascended to heaven. The Dome of the Rock, built on that site, is the earliest surviving mosque. Jerusalem, indeed, preceded Mecca as the qibla, the direction towards which Moslems turned in prayer.

Christians of all denominations have their churches in the Holy City and share the majestic Holy Sepulchre. As Crusaders they were responsible for one of the bloodiest chapters in Jerusalem's history, slaughtering over 70,000 Moslems and Jews upon capturing the city. Christians are not party to the present dispute — except as Christian Arabs, whose forebears helped the Moslem armies take the city from the Byzantines in 638.

With the advent of a new Israeli government under Benjamin Netanyahu — who cut short his first official visit to Europe this week — Jerusalem's potential to set the entire region on fire has increased. The immediate cause of the past few days' bloody violence, a tunnel the Israelis bored into Temple Mount for the convenience of tourists, has itself been a reminder of the role that the sacred past could play in a troubled future.

Netanyahu won last May's elections on the issue of security and by declaring that he would not return any more conquered Arab land in exchange for peace with Israel's neighbours. One of his most damaging changes against Shimon Peres, his Labour opponent and architect of the Middle East peace process, was to warn that Labour would divide Jerusa-



The symbols — synagogue, mosque and church — dominate the skyline but are submerged by the tides of conflict

lem — and hand over the Israeli-occupied Arab east of the Holy City to the Palestinians.

Without Jerusalem, the "Palestinian Question" would not be what it is: the heart of the Arab-Israeli conflict. Without Jerusalem and its overlay of religion and myth, the Palestinians would probably command little more international concern than other peoples without a state in the region, like the Kurds or the Armenians. Jerusalem is also too important for Arab leaders, habituated to intra-brotherly intrigue and squabbling, to disagree over.

In May last year, an Israeli decree expropriating another 131 acres of Arab land in east Jerusalem enabled the Arab League to overcome the bitter divisions caused by Iraq's 1990 invasion of Kuwait and call its first summit for five years (the summit was revoked and the summit cancelled).

Israel, however, is poised to decide the future of Jerusalem without further negotiations. By creating what Israelis like to call "facts on the ground", the new government expects to be able to put Jerusalem physically beyond Palestinian grasp, constructing a wall of Jew-

ish settlements to separate east Jerusalem from the West Bank, and settling the issue of the eternally divided city.

Just after Israel occupied east Jerusalem, the state's founding father, David Ben-Gurion, initially wanted to demolish the Ottoman-built wall ringing the old city to expunge its Islamic heritage — rather as the Roman emperor Hadrian obliterated Jewish Jerusalem and the (Christian) Byzantines used Temple Mount as the city rubbish dump.

Subsequent Israeli governments, whether led by Labour or Netanyahu's

Likud, have been less dramatic, but more effective. In essence, they have used housing and zoning policy, and discrimination over residence permits, to create a Jewish majority in the eastern quarter and make it impossible for Arab residents to build enough to house their expanding families.

Jerusalem's mayor, Ehud Olmert, says Jews will constitute a majority in the annexed areas by the end of this year. By Palestinian reckoning, that target was passed in 1994, with Jews in the east now numbering 185,000 to 190,000 Arabs.

Ariel Sharon, the extreme right-wing general who, as housing minister in the last Likud government, spearheaded the drive to build Jewish settlements on Arab land and who has returned under Netanyahu as infrastructure minister, has explained in detail what his policy was and remains.

He has defined the problem as "how to bring Jerusalem to have a Jewish majority for ever". The solution was to expropriate Arab land and encircle east Jerusalem with four big clusters of settlements — Giv'at Ze'ev north of the city, Ma'ale Adumim to the east, and Efrat and Gush Etzion in the south and south-west — looming from the hills over the Arab villages like modern Crusader castles. These are the main building blocks which will permit the Likud-led coalition to enclose east Jerusalem. As Sharon wrote: "In Jerusalem we built and created facts that can no longer be changed; we did it openly."

Under Labour, there was a freeze on new settlements as part of the Oslo peace process with the PLO. This did not extend to the settlements of "Gushar" or metropolitan Jerusalem and overall, the number of settlers on Arab land under the Labour peacemakers expanded almost 50 per cent, according to the settler publication *Nekuda*, from 105,940 to 151,324.

Since taking office, Netanyahu has quipped that he can hardly be expected to do less. But the clearest decision he has made is that he will not honour Israel's international commitment to negotiate the future status of east Jerusalem with the Palestinians. Under the US and Russian-backed Oslo agreements of 1993, which give the Palestinians interim self-rule in parts of the West Bank and Gaza, the two sides between now and May 1999 should conclude "final status" agreements on Jerusalem, Palestinian statehood, borders, and the rights of more than 4m Palestinian refugees.

Likud leaders routinely say that they will never assent to a Palestinian state, so there is no point in discussing east Jerusalem as its capital.

Sharon and cabinet allies such as interior minister Eli Shalev — a religious fundamentalist who controlled Jerusalem building policy under Labour — goes further. Last month Shalev said Israel would annex the settlements ringing Jerusalem, cutting off the east from its West Bank hinterland. Netanyahu has as yet said

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The international who guide has just to be contacted by this week

Joe Rogaly

Politics of health is a killer

No political party dares attack the existence of the NHS but its decline will continue

Here is a nice little question. Which country spends a greater share of its gross domestic product on taxpayer-funded health care — the US, or Britain? Tricky. This is money the government controls. Answer: the US, at 6.2 per cent, against the United Kingdom's 5.9 per cent. The closeness of the figures is not really surprising. The European Union average is precisely 6 per cent, a sliver above the level for the entire developed world.

The catch, of course, is the difference in spending on privately financed medicine. Individual patients, meeting bills themselves or through private or company insurance, account for a mere 1.3 per cent of Britain's GDP. The equivalent ratio for the EU is 1.7 per cent. For the OECD — the industrialised countries — it is 4.5 per cent. In the US it is a startling 7.9 per cent.

Enough statistics. I have pinched the ones rehearsed above from a chart published this week by the Independent Healthcare Association, of 22 Little Russell Street, London WC1A 2HT. You will not be amazed to hear that this interest-group reminds us that there is no realistic prospect of a "massive" increase in state spending on health in any of the rich countries.

About a sixteenth or so of GDP seems to be the ceiling, if the calculations behind the chart, based on a 1995 OECD health database, are correct. Against that, the association's pamphlet says, "spending by consumers in search of quality and choice could grow substantially".

Listen to the noise coming from doctors as they read that. What noise? It is their slaver at the mouth. The slurping sound is even louder when you press your ear to the boardroom doors of the big healthcare corporations. Yes, yes, I know the objection to such ranting, which just came over me all of a sudden. The market rules. Patients who pay bills directly are consumers of a service, as important as any customer anywhere.

Maybe, but they are also potential suckers. Just one more test, says the physician, one additional complaint you never thought of when you came in. It goes on the invoice, adding to the doctor's income. You pay your money and white-coat makes your choice.

That is the principal argument in favour of Britain's National Health Service. The system is fair, if you close your eyes to the ability of good earners to buy themselves earlier treatment in more congenial surroundings than those that are endured by patients who cannot afford anything else.

Let us eschew cynicism, if only for a moment. Taxpayers provide the wages of practitioners and nurses: NHS patients are treated free at the point of provision. Rationing is determined according to criteria other than the income of the sick individual. The result is imperfect, but effective. You may have to wait. Attention may be impersonal. Accommodation may be Spartan. In the end, most patients get adequate care.

This could explain why in Britain the number of subscriptions to private medical insurance, which tripled during the 1980s, has not risen much during the 1990s, although there are signs of a pick-up now. Another explanation might be the recession, and corporate penny

Private institutions have captured most of the long-term care business. As to the provision of private beds, the NHS has become an active competitor.

None of this means that Britain's health services are about to become like those across the water, where, we are told, the fortunate majority of the citizenry covered by insurance gets a decent standard of medical care. No thanks. President Clinton's great failure to date is his inability to win congressional acceptance for healthcare reform.

Some 40m Americans remain uninsured. Even for those who are protected, a serious illness can be a financial disaster. If that is where choice leads, the British are unlikely to follow.

The Fabian Society, traditionally a source of left-wing thinking, has published a paper by Steven Henning-Sleverts, a consultant. You

can get it from 11 Dartmouth Street, London SW1H 9BN. It suggests that the US can offer a model for well-run, quality health services. A link between payment and entitlement ensures the best care, it asserts.

Possibly. But those who would convince British voters of this may decimate the world's forests to provide pamphlets. They have not a hope. The nation that devised the NHS defends it strongly. Patients are loud and quick to complain about the inadequacies of the service, but no political party dares attack its existence.

Yet the taxpayer-financed NHS will continue to wither away. Future governments, of either a New Labour or Conservative persuasion, will extend charges and curtail services. They will be afraid to increase taxes, which they would have to do to finance the likely growth in demand for high-quality medical attention. There is no fiscal reason why taxation should not rise, but the politics of it is a killer. The road to privatisation is long, but wide open.

CHRISTIE'S

ART

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PERSPECTIVES

On the trail of animal navigators

Andrew Derrington looks at the abilities of some creatures always to find their way home

ID Hair Design is the only hairdressing salon in Newcastle where you can get really good honey. Ian, the proprietor, is proud of his bees and particularly of their uncanny ability to find their way back home.

Even when Ian takes the hive on holiday in the wilds of Northumberland, the bees have no difficulty navigating a course back to the hive.

Research on animal navigation covers species from the ant to the whale. Some scientists follow individual Sahara desert ants, plotting their course in a notebook. Others use satellites to track whales through the ocean. The need to understand the movements of commercially important species means that substantial funding for work in this area is forthcoming.

Individual scientists are driven by the urge to understand how animals' navigation equipment works. Julian Metcalfe, a Minis-

try of Agriculture scientist who tags place with data-logging equipment to follow their annual migration up and down the North Sea, says: "There's a lot of debate about whether they use vision, smell or a magnetic compass. As soon as you knock out one of these mechanisms others may take over," he says.

In fact, the bee's navigational abilities are unremarkable by animal standards. The trick it uses to return to its hive in an unfamiliar location is called path integration. Like many species, the bee has a compass and an odometer so they can measure length and direction of each leg

of an outward flight. By keeping a tally, bees always know the direct route back to the hive.

Path integration is difficult to study directly in bees, says Tom Collett of the University of Sussex. They are too fast to follow and are too small to carry remote tracking equipment. Saharan desert ants, which make long meandering foraging expeditions on foot and then return directly to the nest are much more amenable.

Proof that ants use path integration to calculate their return route comes when a sneaky experimenter moves the homeward bound ant a few metres off

its track. The ant continues walking in the same direction and for the same distance it had calculated, missing the nest by exactly the same amount that it was displaced. Only when it reaches the end of its calculated journey home does it try to use visual landmarks to guide it back to the nest.

The ant and the bee both use a compass that depends on the pattern of polarisation in daylight. Light from each direction has been bent a specific amount by the atmosphere polarising it in a particular way. Both the ant and the bee have a special set of eye facets that detect the pattern of

polarisation in daylight. These facets give the biggest response when the insect is aligned with the solar meridian.

Characteristic errors in navigation that happen when the insect can only see part of the polarisation pattern has allowed scientists to work out the details of the polarisation compass. The odometer has been more difficult to understand. For a long time scientists were confused by early results suggesting that distance was calculated by the amount of energy used on the journey. However, neither ants nor bees overestimate distances when loaded with weights.

Now it is clear that in both cases it is the optic flow - the movement of patterns across the eye as the insect walks or flies through the world - that tells the insect how far it has moved. When ants walk on a transparent floor overlying a patterned "carpet", moving the carpet along with the ant to reduce the optic flow causes it to underestimate the length of its journey.

When bees return to the hive from a food source they do a dance to signal the direction and the distance to the food. Harald Esch and John Burns at Notre Dame University, Indiana, put a beehive on top of a skyscraper

and trained the bees to fly to a feeder on top of another tall building. Because they flew high over the ground the optic flow was much less than when they flew the same distance at ground level. As predicted, when they danced on return to the hive on top of the skyscraper, the bees signalled a much shorter distance than when they flew the same distance at ground level.

Esch and Burns also trained bees to fly to a feeder suspended from a balloon. When the balloon was raised to a higher altitude, reducing the optic flow but increasing the energy needed to fly to the feeder, the bees signalled a reduced distance.

Quite apart from their scientific importance, these findings will be good news for beekeepers looking for novel holidays. It seems that sightseeing in New York, or hot-air ballooning would both be possible.

The author is professor of psychology at Nottingham University

Stephen and Kerry-Jane Martin spent three weeks travelling around Poland investigating the possibility of starting up a furniture importing business to the UK.

But it was their growing pile of washing that provided the inspiration for their first business venture together. Kerry-Jane searched for the nearest launderette but could find nothing resembling a western one, even though many people lived in huge tower blocks with little space or money for their own washing machines.

The couple saw their opportunity. Five years on, they run six dry-cleaning shops, have eight agents, several industrial contracts and takings last year reached £234,789.

Stephen, 40, a former commodity broker and management consultant, had been made redundant in March, 1991, from his job as director of a Midlands-based management consultancy. Kerry-Jane, 30, worked as a political lobbyist but the two were keen to work together on their own ventures.

A friend who had gone to Poland with a school party returned full of enthusiasm and recommended a visit.

Stephen remembered: "We went out with the idea of buying a product, such as furniture, and importing it into the UK as a nice, simple business venture. But so many of the things we looked at were just too badly made."

"After we had the launderette idea, a contact we knew carried out a survey for us of 1,000 people in Lodz, Poland's second city, and the response was very positive.

"It seemed a terrific plan and we thought we were going to be millionaires in three years," he said wryly.

They returned to England and approached the chief executive of the commodity company Stephen had worked for and he agreed to invest in their idea.

The couple set up a Dutch holding company with £100,000 capital, 90 per cent from their investor and 10 per cent from their savings, and called it East European Holdings. This became the parent company of their Polish limited liability company, Luxomat, of which they are both directors. Once in Poland, the company provided them with a rented house in Warsaw, a car, flights home and a basic salary.

Stephen said: "We learnt about the launderette business as fast as we could and bought the best equipment from Belgium and America. We gave up our rented house in England and returned to Poland with our two dogs in September 1991. We took on a full-time assistant/translator and found premises in Warsaw in a very good tower block area where there were 250,000 people living on top



It's in the bag: Stephen and Kerry-Jane Martin who run a cleaning business in Poland

Minding Your Own Business

Cleaning up in Poland

Grania Langdon-Down on the trials of going to work in eastern Europe

of each other.

"This building was going to be the first western-style launderette in Poland and we wanted it to be our super flagship which we would then replicate all round Poland."

It was opened in June 1992 by the Irish ambassador and featured on television. During the first week, they offered a special deal and the local people were very enthusiastic. "It was all music to our ears," said Kerry-Jane. The couple had an office in the basement, just under the water pipes. They began their second week expecting to hear water gushing through them - but they heard not a drip. The launderette stayed empty.

"We discovered just how family-minded the Poles are. They often have a mother or grandmother at home during the day to do the washing, and are distrustful of outsiders. So the idea of sitting around in a launderette with a lot of strangers did not appeal." Luckily, the couple had also bought a small dry cleaning machine and ironing table and, bit by bit, demand took off.

So, the two set about restructuring the business, concentrating on the dry cleaning. They bought new dry cleaning equipment and retraining their staff. It was a difficult time. "The cash flow was so bad at times we had to take money out on our credit cards to pay the staff bill."

They found a factory to use as a central processing plant. It now services their six shops and agents, all in Warsaw and its outskirts. It also does the dry cleaning for several industrial contracts with embassies, the armed forces, restaurants and hairdressers. Luxomat now has a staff of 35.

The couple were determined the shops would stand out as modern, efficient and competitive. But marketing was a problem as they did not want to appear just another foreign organisation looking for a quick profit. However, their Polish manager convinced them it was important the shops had a western cachet and so the shop signs now announce they are The British Dry Cleaners. "The difficulty is, the people using them expect a superior service because it

is western but do not expect to pay more than for using their old local service which left their clothes smelling of old cabbage," Stephen said.

Turnover for their first two quarters trading in 1992 was £15,688. The following year, takings reached £26,500. Turnover doubled to £174,181 in 1994 and again in 1995 to £234,789. Takings in

responsibility for the shops. Kerry-Jane spends between two and three days there every six weeks and is in weekly telephone contact. They are now living in the Cotswolds after spending three months in France to "clear their heads of Poland". The two found working in Poland very frustrating at times. Stephen said: "The people are very money and commercially minded with plenty of entrepreneurial spirit but every one is struggling against the state. There is also a very strong labour code and little is done to help employers."

The couple, who have a daughter, Venetia, nearly two, and a second baby due in October, lived in Poland until last Christmas when they left their general manager was ready to take

the first two quarters of 1996 reached £141,156. Operating profits are about 20 per cent. They say they now need to open more shops and look at the opportunities in other cities.

"Many problems arise from the Poles' habit of non-cooperation with each other. In government offices and utilities, they still treat the consumer like a supplicant who should, in many cases, be obstructed."

"In business, a contract is readily discarded if the terms no longer suit and suppliers have a low sense of personal responsibility for their work or conduct. All this stems from having been an enclosed society. Things have improved in the past five years but only in the upper echelons of the capi-

tal's business community."

Wages are low - the average salary of the laundry staff is £175 a month - but the company has to pay a further 90 per cent of that amount on top to cover tax and social security. It means the company's average monthly staffing bill is about £10,000.

"Our rents are also high - an average of about £1,900 a month - and we have to get everything from the chemicals and bags to cover the clothes to the tagging guns and safety pins from abroad," Stephen said.

"The bureaucracy is a complete nightmare. Getting permission to open an outlet at one of the city's supermarkets took written permission from 14 different authorities."

"We even had to get permission from a major and a captain in the army. They had no idea why but, aided by a gift of a bottle of vodka each, they said 'fine'."

The couple are now looking for new ventures. "We were asked to set up something in Lithuania but this time we want to do something in Britain or in western Europe," they say.

There is a very strong labour code and little is done to help employers

Truth of the Matter

The awful moral sump

Whatever next? The Natal Olympics? (Natal, not natari). *Jazz sans frontières* for pregnant mums? "Now we go over to Barbara in the labour ward in Sydney, Australia. The latest is, yes she's got three - that's thirty grand for Barbara, no sorry and only twenty grand, one little mite is dead."

"But in Atlanta, Belinda is way ahead of the field, she has got five alive, and a bonus five grand because they are all boys."

"But news is coming in from Reykjavik: Sonya's in trouble, I'm afraid, yeah, definitely in trouble, this is bad news for Iceland, folks, I'm afraid Sonya's been taken down to the surgery - and caesarean babies don't count but up in Birmingham Mandy's doing fine, looking good for a bronze, go for it, girl..."

Extreme examples can be repulsive and grotesque but also instructive. They mark the end point of a "slippery slope" or wedge. Set even one foot on the slope and, bingo, there you are in the sump.

These ethical "wedge" problems are already haunting us. Abortion, euthanasia, fertility treatment, surrogate motherhood, health provision rationing, drug legislation, privacy and the press, and many others present society with acute moral dilemmas for which we have no accepted or acceptable forum for debate and decision.

It is already too late to suggest, let alone enforce, total prohibitions. The absolutists lost the day a century ago. Arguments from Natural Law convince no one outside the walls of the Vatican. Assertions about the absolute sacredness of life or the absolute right to life become wobbly and foggy when subjected to the close scrutiny of particular cases.

Extreme cases do occur in real life. Like the dumping of 5,000 frozen human egg-bells or the prospect of (probably or perhaps) a single stillborn octuplets to a single mother who on any rational judgment should not have been offered fertility treatment in the first place. They have usefully opened a wider debate on the dilemmas facing a plural society.

In a world of ethical wedges the lines have to be drawn at certain points which in one sense are arbitrary - that is in the proper sense of "arbitrary". A judgment made after balancing complex and imponderable factors. Different judgments might be made, and

may be made at a later date. Pregnancy may be terminated up to what - 18, 20, 22, 24 weeks? We have to choose.

Multiple pregnancies must be reduced for the sake of the mother and the surviving children. If they are not, nine human lives may be lost. But by how many, and whose choice is it? Shall we leave it to the professionals? But although professional evidence may be crucial, doctors and lawyers and social workers are probably less ethically sophisticated than any moral philosopher. Even professors of ethics are not immune to personal or ideological bias.

The Christian churches are themselves divided, not only between the rational and liberal tradition of the Protestant world and the biblical fundamentalism or Roman Catholic authoritarianism, but even within these absolutist traditions the cracks and fissures of logical and ethical inconsistency are causing heated debate.

But at least there is a long and honourable tradition in the UK, in the churches and universities, of intense moral concern backed by ethical debate of a very high order. But for one do not want to leave it to the bishops, or the academics nor - God help us - the politicians. Nor, frankly, do they.

I had my knuckles rapped the other day by a member of the team in the BBC Radio 4 programme *The Moral Maze* when I suggested that we will have to move towards Ethical Panels. His objection was that the proposal was elitist, paternalist, authoritarian and savoured of the Guardians of Plato's Republic.

Nevertheless I still think we need some standing forum with professional, expert and lay representatives from across the social spectrum which can debate these complex moral issues and suggest where lines should be drawn.

There are too many too serious problems on the ethical agenda for ad hoc commissions set up in a panic by politicians nervous about their support. Of course they will be controversial; but ethical controversy is a sign of a morally alert community. At present we seem to have to leave it to the journalists and radio commentators to tease out the arguments. Meanwhile in Helsinki Olga is catching up with three fine triplets.

Hugh Dickinson

Continued from Page 1

nothing definitive. But his chief political adviser, Dore Gold, wrote in a study last year that "the assertion of such territorial control would... produce an Arab sector in east Jerusalem that was isolated from the West Bank and could not effectively serve as a national capital".

In an office just over the old, pre-1967, Green Line boundary in east Jerusalem, Khalil Toufagi, a PLO cartographer, lays out maps, patiently and unemotionally. He points out the areas inside the municipal limits

of east Jerusalem expropriated from Arabs to house Jews - over a third of the total area. Then he details a further 52 per cent of the land designated as "green areas". Until Oslo, these tracts were regularly expropriated for "public purposes" which turned out to be Jewish housing.

Then we move outside the city limits to "Greater Jerusalem" and the West Bank. Toufagi produces what is known to the Israelis as Military Order Number 50, dating from 1982. This shows a network of roads through and around Jerusalem, connecting up the settlements while slicing up and atomising the Arab villages and neighbourhoods.

The full impact of Military Order Number 50 was blunted by serial court

actions by the Palestinians and more recently by Ir Shalem, an Israeli organisation fighting further land encroachments to ensure there will be something left to discuss under "final status".

"They are encircling us through three cycles of roads and [planned] new settlements," Toufagi says. In most cases, the device of connecting "by-pass" roads will enable Israel to expand existing settlements around Jerusalem without risking the international opprobrium of creating "new" settlements.

"The first issue now is by-pass roads," says Toufagi, "the second is settlements. Look at these maps and you can see the future. That is final status. All these plans have been in their [Israeli]

drawers for years. Since 1967, they've never changed. If they start to build quickly now, in four years we won't be able to talk about *Al Quds* but only about *Yerushalayim*. It'll be over."

Tsali Reschev, a young Labour leader and founder of Ir Shalem and the Peace Now movement, is also pessimistic and says: "They're not building roads to connect up Jewish neighbourhoods but to prevent access between Arab districts."

But Ehud Olmert, the mayor of Jerusalem, says: "Don't believe this nonsense. There is no deliberate plan. Every city in the world expropriates land for public use." The nub of his argument is that every "satellite township" until Oslo was built "when we weren't negotiating with them [the

Palestinians] and Israel's duty is now to link them up". Changing east Jerusalem's demography is irrelevant: "If the city's not going to be divided, what difference does it make?" he asks.

Last month, Olmert's bulldozers demolished the Burj al Laqlaq Centre for the Aged and Handicapped in the old city. Although Palestinians insist this was on Waqf (Islamic religious trust) land under their control, virtually all Arab building inside Jerusalem is illegal under tightening rules.

The bulldozers have added to the growing sense of desperation among the Palestinians. Faisal Husseini, their Jerusalem leader, says: "If we can't stop them, we will be swept away. I don't know

if we have time left or not. It's in their hands, not mine." He denies that Labour and the PLO had, before the elections, secretly agreed in principle that Abu Dis - an Arab village east of the city boundary - would be rechristened *Al Quds* and become the Palestinian capital. The argument now looks academic.

Netanyahu aides believe Israel can keep the whole city, by persuading any or all of three Arab kings - Hussein of Jordan, Hassan of Morocco and Fahd of Saudi Arabia - to become "trustees" of the Holy Places.

There are flaws in the plan, the most obvious being that it could seriously compromise their legitimacy in their own countries at a time of rising Islamist challenge.

"The problem of Jerusalem could be the trigger for a Middle East in turmoil," observes Mohammed Hassan Hefkal, the leading Egyptian commentator and former Nasser intimate, "the springboard for a new series of revolutions in the Arab world... only Arafat could surrender Jerusalem."

Husseini, descended from Haj-Amin al-Husseini, who, before the PLO existed, led Palestinians as Grand Mufti of Jerusalem, concurs. "Don't open the religious issue," he says, warning this will give "new legitimacy and motivation" to the Islamic fundamentalists in Palestine and the region.

"The PLO holds the most important card in the Arab world because Palestine has Jerusalem in it," he says, "but the PLO is secular and we cannot use this [religious

card]. But if that card drops from its hands, the only ones who can pick it up are the Islamist organisations. Every single Arab leader knows this."

The Palestinian scholar and Harvard professor, Walid Khalidi, has pleaded for the "healing power of a historical reconciliation". That is why, he said, "all those committed to an honourable and peaceful solution must get together to stop in their tracks the forces of fundamentalism - Moslem, Christian and Jewish - slouching towards their rendezvous in Jerusalem."

Jerusalem, by Dore Gold, published by the Joffe Centre for Strategic Studies, Tel Aviv University.

Islam, the West and Jerusalem, by Walid Khalidi, published by Hood Hood Books, 29 Botolph Claydon, London SW11 6EL.

مكتبة العربي

PERSPECTIVES

Lunch with the FT

The dessert trolley passed by unnoticed

Lucy Kellaway tries to tempt a slim Lord Lawson

So there I was last Tuesday lunchtime at London's Savoy Grill, offering Lord Lawson some advice on cosmetic surgery.

The problem with losing five stone, he had admitted, is that his skin is now too big for him. "It gradually adjusts but at my age it won't adjust totally. I haven't had anything done about it yet. I may or I may not, I haven't decided."

I looked at the loose skin under his chin and counselled him against a cut and tuck. Just imagine the figure of fun he would become. Just think of the newspaper headlines. "Perhaps you are right," he said. "I think I will take your advice."

Had you told anyone 10 years ago that the then chancellor, famous for his arrogance and his fatness, would be reborn as a thin man, the author of a diet book, who meekly takes advice on personal matters from a journalist, you would not have believed it.

And you would have been right. In terms of bulk, Lawson is two thirds the man he once was, but in terms of personality he has not changed one bit.

I had met him a year earlier at a dinner for writers of the FT Lex column and, on that occasion, he had seemed wearied by my attempts at small talk. He had also looked terrible, with skin yellow and crumpled like that of a tortoise; one could not say that the weight loss suited him.

Still, on Tuesday he was in excellent form and, looking better, older but spry. "My favourite thing is grouse," and there is no better grouse than at the Savoy Grill," he

said cheerfully.

In an attempt to provoke him, I ordered a fattening dish of fried fish cakes with potato ratatouille. But nothing doing: his full attention was fixed on the wine.

"Can I have something really good?" he asked. He had to mind a 1989 Chateau Kirwan at £37.10 a half bottle; I asked how much the next one down was. There seemed to be a wine which he was prepared to drink at £23.65, but not wanting to seem mean, I told him that he would have to make the

choice himself. "Well, if it won't get you into trouble..."

"So tell me about your self," he said, once the waiter had been dispatched. I talked. He listened charmingly.

But before long we got down to the serious business of discussing diets, and *The Nigel Lawson Diet Book* in particular.

"Did you enjoy it, may I ask?" he inquired.

I muttered something about me not being his target audience, but said I admired its length, a mere 120 half-sized pages of which he had written 60 and his wife the rest. "It is a limited subject and only requires a short book," he said, commending to me some of the psychological tricks

described in the book that make the discipline of a diet less difficult.

However, his most effective "trick" seems to have been in marrying Therese Lawson. When he decided to diet he gave her a list of acceptable ingredients and she drew up some delicious menus. A typical dinner chez Lawson might be a rack of fat-trimmed lamb, roasted a *poivre* with ginger, a strongly flavoured jus, and steamed spinach with lemon. I remarked that the diet might work less well for those of us for whom a typical dinner is microwaved lasagne.

"The principles can be applied by anyone, but it may not taste quite so good," he insisted.

Over our first courses - his a marinated salmon with an anything but innocent looking sauce - we got on to the ticklish matter of his changed appearance. "People are extremely disconcerted," he explained, "because they have an image of me and if I don't conform to it they feel uncomfortable. You know inside you are the same - but there is a mismatch with other people, who think you must be different. I think that happens with the ageing process too."

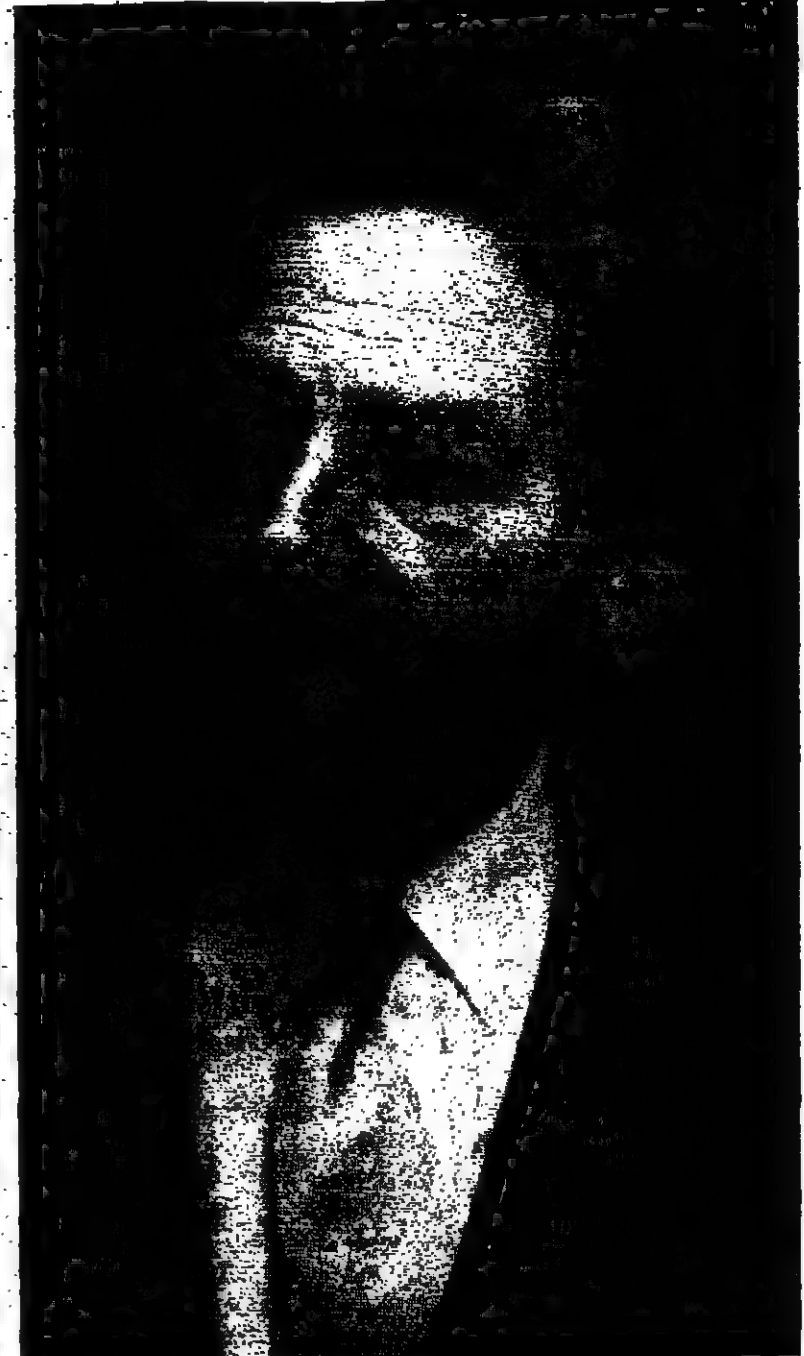
I was glad it was he who brought up ageing, so without seeming rude I could say that losing weight makes you look older.

He gave me a fixed look. "At first I may have looked older, partly because my clothes didn't fit me," he replied. However, so many people asked him if he was ill, that he started to fret. "I was worried, so I went to the doctor for a thorough health check."

His grouse arrived and he



Nigel Lawson: the heavyweight politician



Nigel Lawson: now two-thirds of the man he was. Pictures: Universal Pictorial Press/Trevor Humphries

was poured some wine. He gestured for a brief silence while he tasted it.

Does he expect his diet book to outsell *The View From Number 11*, his heavyweight political memoirs, I asked. "Nobody in their right mind, first of all," he said, easing himself into a lecture. "Judges the merit of relative books by how much they sell. My ambition was to write something that would be of lasting value. I would hope

that it will still be read long after I'm dead. But I wrote this book because it was meeting what appears - to my surprise - to be a demand, and it was something I could do jointly with Therese."

Still, how would he feel if this book was so successful that he went down in history as Nigel Lawson, the man who lost the weight?

"If I thought that was the only thing I'd be remembered for I'd feel a disap-

pointed."

The waiter poured another half inch of the wine into Lawson's glass.

"If you put the rest in the glass I can calibrate - ordinate - how much is left with the food." The waiter was at a loss, so Lawson explained more directly that he wanted all the wine poured out. "Thank you. Excellent."

A trolley of desserts was wheeled past. "A double espresso," he said, as if he

had been saying that all his life.

Still, he had had a good meal - rather better than mine - and the only thing he had refused were bread, bread sauce, and the dainty little crispie with the grouse.

So what is your next book going to be, I asked as I put my credit card on top of a bill for £114.55p.

"I don't want to say anything now," he said in a tone familiar from years of leading off questions on BBC

Radio 4's *Today* programme. "I wouldn't want to tempt providence."

The meal over, I took him to meet the photographer. "I hate having my photograph taken," he complained. Was that because he doesn't like how he looks, I asked.

No, it turns out that if you are Lord Lawson you can teach yourself to change the eating habits of a lifetime. But you can't teach yourself to hold a convincing smile.

Greenland grapples with modern life

Colonisation has been traumatic for the Inuits, but they are learning to cope, finds Hugh Carnegie

In Greenland these days, the hand-thrown harpoons have been swapped for rifles, the dog sleds for snow-mobiles, and the sealskin jackets for anoraks made in Taiwan. In summer, hunters zoom up the deep fjords that puncture the coastline in battered speed-boats, dodging icebergs drifting toward the open seas, searching for caribou and musk-ox.

The Eskimo or Inuit as they are now usually called, can rely on a less seasonal source for survival during hard times - the generous Scandinavian welfare system of the Danish state, still the ultimate ruler and main provider in Greenland.

In spite of this help, Greenlanders are still struggling to hold their place in the world. Like other aboriginal cultures - in Australia and North America - the Greenland Inuit have found the experience of European colonisation traumatic. Within decades, the system of Arctic subsistence which shaped their way of life has been rendered irrelevant and the country of just 57,000 people is plagued by alcoholism, suicide and domestic violence.

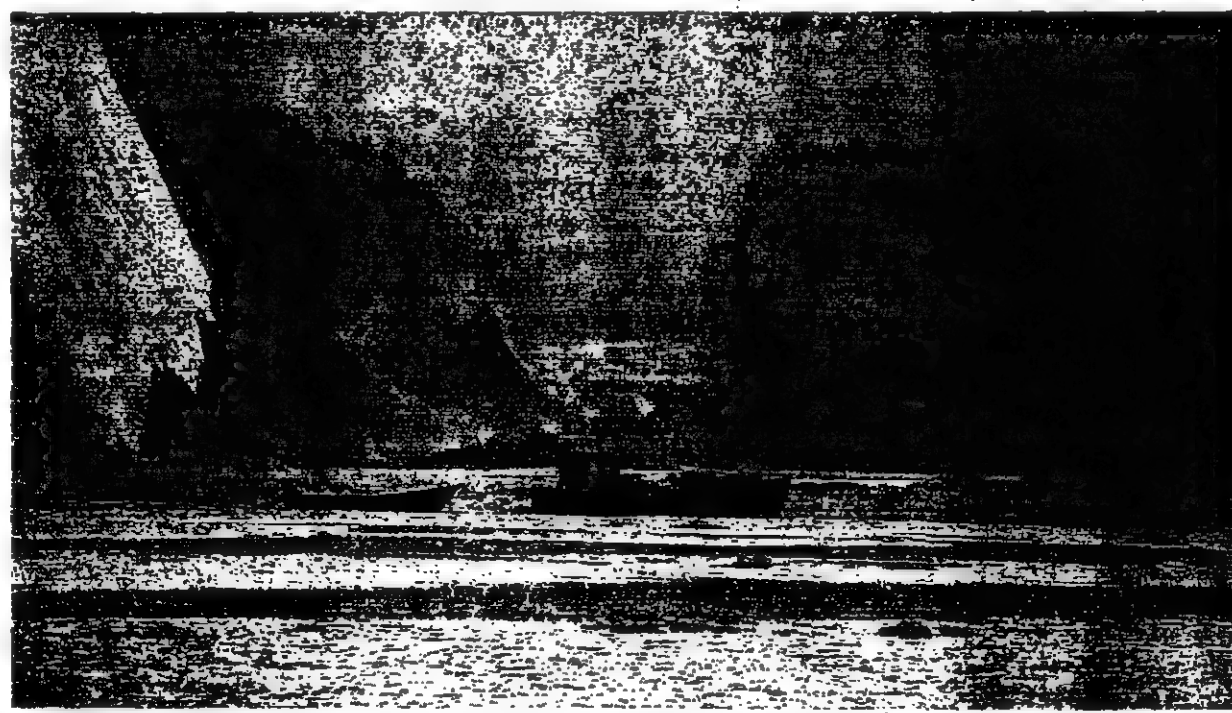
During the 1980s, annual alcohol consumption per head in Greenland rose above 20 litres - compared with less than 12 litres in Denmark - itself one of Europe's leading consumers. Suicide accounted for 11 per cent of all deaths in Greenland in 1983, homicide, mostly the result of domestic fighting, for 3 per cent and accidents, often alcohol-related, 6 per cent.

Yet the story of the Greenland Inuit is different from that of many other aboriginal peoples. There is little sentimental harking back to an existence brutal in its precariousness. The 200-year-old colonial rule by the Danes has been relatively benign. The country - thanks to its extreme climate - has not been overrun by settlers. The Inuit language has remained the first language. But perhaps most significant of all, in 1979 Greenland won a large degree of self-government from Copenhagen, which it has since expanded.

Nuka Moller is a teacher, historian and, until recently, a senior official in the Greenland Home Rule government. "The more we see of the world," he remarks, "the more we see that the experience of native peoples in it has been a very negative experience. Compared with many of them we have had a very positive experience."

Greenland is four times the size of France and has no roads linking the few settlements scattered around its fragmented coastline. No trees grow and much of it is covered by an immense ice cap - a giant glacier 3.5km thick at its deepest point.

Nowhere does the average daily temperature rise above 10°C; in winter, it can hit -50°C. "To understand Greenland you have to understand the power that dominates us:



Cold and hostile land: in spite of its name, Greenland has no trees and is covered by an immense ice cap

nature," says Lars Emil Johansen, the country's premier.

The first Inuit came to this hostile place 4,500 years ago. They are an Asian people who migrated originally from Siberia, to Alaska, across the northern territories of Canada, to Greenland. The present-day Inuit have lived unbroken in Greenland for 1,000 years.

A band of redoubtable Vikings arrived in the late 10th century, when the climate was milder. The best explanation for Greenland's perverse name is that the Viking settlers wanted to encourage more of their kin to follow them across the northern Atlantic, so they gave the land an attractive name. But the Vikings disappeared after 500 years, leaving the Inuit to themselves until the Europeans returned in the 18th century.

The Inuit never conquered the cold and the ice, but they learned to survive in it with remarkable tenacity and ingenuity. The watershed came during the second world war, when the US built air force bases, opening the country to regular traffic from Europe and North

America. Over the next 30 years, the traditional reliance on subsistence hunting diminished, to be replaced by an increasing reliance on Danish welfare.

"Until the 1950s, Greenland was a hunters' society. People really were living in igloos," says Marianne Jensen, the health minister. Since Home Rule in 1979, a gloomy cycle of dependence

has been broken, replaced by a determination by Greenlanders to take charge of their own future. "Home Rule is not an end in itself," said Premier Emil Johansen. "We want to be as independent as possible."

In 1985, the Home Rule authority organised a referendum and Greenland voted to leave the European Community. Today, the authority is pushing for a greater say in the use of bases by the Danish armed forces - and the one remaining US base in the far north-west.

But the extent of dependence on Denmark is still enormous. Greenland would collapse without an annual subsidy from Copenhagen of Dkr3bn, accounting for more than 60 per cent of the authority's budget and more than 40 per cent of Greenland's gross national product. The relationship remains deeply ambivalent on both sides.

The evolving culture of post-colonial Greenland has, like its politics, many outside influences. In spite of the recent revival of traditional Eskimo drum dances, tales of ancient spirits and the evocative sculptures and paintings of whales and seals, most of the local population looks elsewhere for entertainment. At a folk festival in the little capital Nuuk last month, the most popular attraction was bungee jumping from a crane

parked in the square. The most popular permanent venues in town are the dingy "King's Pub" and an equally insalubrious dance hall next door.

The Home Rule government has a sanguine approach to outside influences - and the social problems. But both Emil Johansen and his predecessor as premier have publicly admitted that the drinking problem is a factor. The reward has been a significant reduction in alcohol consumption.

The authority believes greater self-sufficiency in the economy is the key to greater independence and a more stable society. But Greenland's economy has suffered badly in the past two decades from an unlikely alliance between nature and western environmentalists. A 2°C cooling of the seas around the island has devastated the cod stocks, once plundered for an annual catch of up to 500,000 tonnes - now at 1,500. Meanwhile, the campaign by Greenpeace against seal hunting has all but destroyed markets for seal-skins - on which many communities relied for cash incomes.

The reality seems to be that Greenland will rely on the largesse of the Danish taxpayer for many years. But the sense of identity will not disappear.

"I think we are now very much aware of our own identity," says Marianne Jensen. "The moment we lose our awareness, then why should anyone want to live here any more?"

This is the Year of the Spa and the British Spa Federation is celebrating its 75th birthday. It celebrates the right word.

For since 1921, when the federation was formed, the history of British spas has been more one of decline than progress. Bath, Buxton, Leamington, Tunbridge Wells, Cheltenham, Harrogate, Malvern - all have seen closures of great water baths and the decline of the squares that originally drew people there.

Contrast their state with other European spa towns. In several countries citizens are entitled to low-cost state subsidised spa holidays lasting up to three weeks providing they are referred by a doctor.

In British spa towns many of the magnificent Victorian buildings that once housed the spa treatment rooms are in a state of advanced decay. During this anniversary year the federation has been trying to publicise some of the spa buildings in an attempt to reverse their decline.

A good example can be seen at Woodhall Spa in Lincolnshire, which this weekend stages a festival which the spa federation hopes will spearhead the revival of much of the "spa culture" that thrived there before the first world war.

Woodhall, which is midway between Lincoln and Boston, illustrates the path of decline in a once-thriving spa. It has a population of 3,000 - yet there was not even a hamlet there until John Parkinson sunk a shaft at the beginning of the 19th century in his search for coal and, instead, discovered water with a high iodine content.

The settlement that grew up was entirely based on the spa business - a wooded oasis which included several hotels.

In 1983 the spa centre,

with its water treatments, physiotherapy department and rheumatism clinic was closed when several buildings began to collapse.

They remained derelict until 1988 when the complex, with its ornate Victorian brick pump featuring a magnificent pine roof, was bought by Mostafa Kasat, an Egyptian doctor with an ambitious £400,000 scheme to revive the spa centre. He has already started converting some of the former office space into new treatment rooms, and hopes to re-dig the well.

"The Woodhall water proved to be one of the best in the world. We plan to reopen the hydrotherapy pool and also to restart treatments with the mud which used to be mined half way down the shaft," he said.

"We hope to have the complex at least partly operational again by summer."

In Buxton there is a similarly ambitious scheme. There, developer Stephen Weeks has applied for three separate tranches of National Lottery money and is hoping to start work on a £8.5m scheme to revive the

original spa buildings early next spring.

"For many years Buxton has operated successfully as an inland resort where cultural and physical well-being go together," he said. "However it is more than 20 years since the natural baths closed."

"We plan to pump the water from the Roman source, which still exists deep underneath the centre of the town, to the pump room across the road which has not been used for its original function since 1961."

The Bath and North-East

Somerset district council has made a £5m application to the Millennium Fund in a bid to restore three baths - the Cross bath, the Old Royal bath and the Beau Street bath to full working condition.

However, in Leamington Spa, a recently-approved £4m revival scheme will have little to do with water. The town's museum and art gallery and library is to be re-housed in the former spa buildings, the Georgian (1814) pump room is to be upgraded and the tourist information centre moved to

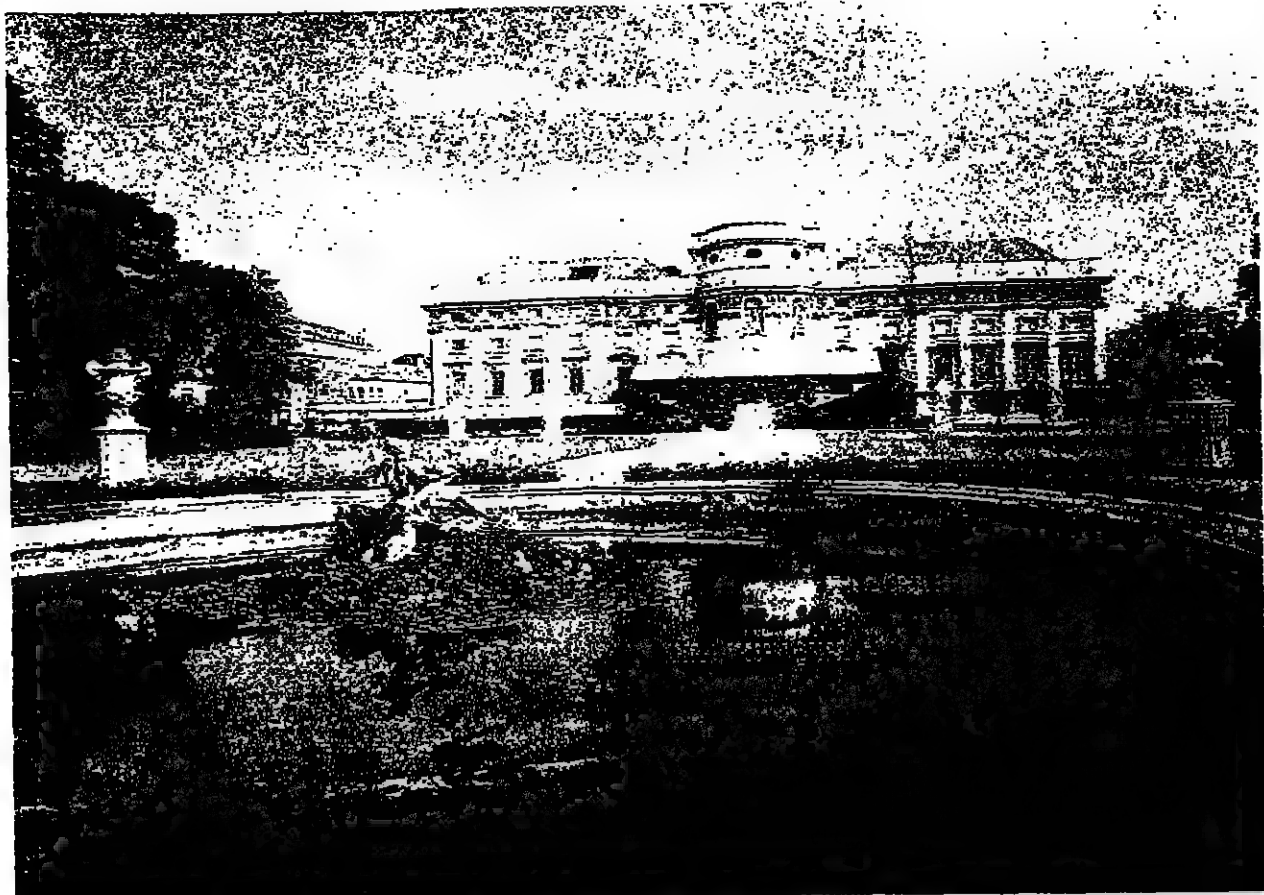
a more central site.

A spa heritage trail will be established. "Sadly our spa water will remain unused for bathing," said Dennis Stanley, economic development officer for Warwick district council.

The four central Welsh spa towns, Llandrindod Wells, Llanwrtyd, Llangamarch and Builth, which have not offered baths in natural spring water for many years, have commissioned a report from the Deloitte and Touche consulting group on ways in which they might revive their spa culture.

Spa researcher and author John Harcup says: "In my view you should go to a spa for weeks, not hours. This is something that is recognised in the rest of Europe but sadly not in UK."

FOOD AND DRINK



Vienna: the city has a wealth of old world charm of which the Hotel im Palais Schwarzenberg is a part



Berlin: until recently the city's hotels have been dire, but in 1991 the Sauter family opened the Brandenburg Hof in the centre

Feasting in Berlin and Vienna

Two of Europe's greatest cities provided Giles MacDonogh with a sharp gastronomic contrast

There was always a stark contrast between Vienna and Berlin. Vienna was the former capital of the Holy Roman Empire: idle, fun-loving, ostentatious aristocratic and Catholic. Berlin was the challenger, the capital of the German Reich: industrious, Spartan, *arriviste* and Protestant.

The contrast has become more acute since the second world war, because Vienna, although visibly mauled by the bombing, has remained recognisably Vienna. Berlin, on the other hand, was largely wiped out, and both the bombs and the political solution imposed on its ruins robbed it of almost all the grilly bits which softened its Prussian austerity.

This polarity is obvious from the cities' hotels. With one or two exceptions Berlin's are modern, business-like and untempering.

Vienna, on the other hand, retains a wealth of old world charm: the Imperial, Sacher, the Bristol, and the only hotel in either city which is literally a palace: the Hotel im Palais Schwarzenberg.

There cannot be many places like the Schwarzenberg anywhere. It sits just behind the Schwarzenberg Platz, smack in the centre of the city, with its own 20-acre private park, making it a little like Buckingham Palace. The comparison is not so far-fetched. The Schwarzenberg family with its enormous land-holdings in Bohemia, was one step from royalty.

It bought the late 17th century building by Lukas von Hildebrand in 1716 and

employed Johann Bernhard Fischer von Erlach to turn it into the grandest nobleman's residence in the city.

A bomb lopped off the dome in the last war, but after restoration it is much as it was, with its sumptuous Marmorsaal and Speisesaal and the Rubens paintings still hanging on the walls, together with collections of Meissen porcelain and Gobelins tapestry.

Even more remarkable perhaps, is that in spite of the wars and revolutions which drove the Habsburg emperors from their palace in the Hofburg, the Palais Schwarzenberg is still owned and inhabited by Schwarzenbergs.

The decision to open a small hotel in the palace was taken in 1962. At first the hotel operated on a modest scale, but successive enlargements have turned the whole of the central part of the palace over to the hotel and pushed the family into the wings. There are now 38 rooms and suites, the best of which look out over the formal gardens.

The Palais Schwarzenberg is also one of Vienna's very best restaurants. The style is more self-consciously French than its chief rivals: Steirer-ek, Altwieserhof, or the Korso restaurant in the Bristol. It also has the advantage of its location. In summer you sit out on the terrace

and can imagine that you are anywhere other than the centre of a big city.

I ate there in June: a salad of crayfish and cucumbers with a (slightly rubbery) potato mousse; a chilled potato soup flavoured with spring onions and smoked salmon; a grilled skate wing with scallions and capers; venison medallions with local Marchfeld asparagus and wild garlic ravioli (which was a mile less exciting than it sounds); and a buttermilk mousse strewn with summer berries.

As I have said, Berlin does not have this style, but it does have a no-nonsense informality which many people find more refreshing.

Until recently, Berlin's hotels have been dire but in 1991 the Sauter family opened the Brandenburg Hof in a 19th century *Misshaus* in the very centre of west Berlin.

It was the first luxury hotel in the city since the war to try to recreate a specifically Berlin style. As such, it was the first hotel to acknowledge the city's new status after the end of the cold war. The building was in a sorry state and the stucco work on the facade, as well as the interiors, had to be completely redone.

The result is stripped down, but elegant, with simple white interiors picked out by some good portraits

of old Prussian rulers. It is 100 miles, however, from the lavish splendours of the Palais Schwarzenberg.

Manfred Heisig, the chef of the hotel's Quadriga restaurant, has tried to create a style all his own by combining elements of French and oriental food. The first time I ate at the Quadriga, 18 months ago, I felt he had not quite brought it off.

I ate there again in August: flat lobster on a bed of red lentils flavoured with coriander was a big success; mangoutou soup scattered with truffles (with a few gnocchis in it, which I initially took for lumps); fillet of blue perch with tomato butter; glazed duck breast

with a Panang curry sauce and a mixture of diced artichokes and potatoes; and, finally, a black and white chocolate mousse "mosaic" on thin slices of mangoes.

The more oriental side of Heisig's vocabulary had been toned down and replaced by a few eclectic touches which I think was a step in the right direction.

There was no concession made to Brandenburg or local produce whatsoever, which I thought was a pity. If anything the effect was rather baroque, indeed, almost Viennese.

■ **Hotel im Palais Schwarzenberg** (43 1 786 45 15). Room prices start at Sch2,900 (£175) for a 'single room on the courtyard'. The garden side costs more. Meals Sch1,000 with wine.

■ **Hotel Brandenburg Hof** (49 30 214 05 0). Rooms from DM275 (£115). Meals from DM150 with wine.

Bounty from the garden of France

Sue Style rediscovers the flourishing and innovative produce of the Loire valley

Little wonder that the Loire valley is known as the garden of France. Vines have been planted since Roman times in Vouvray and Montlouis. Chillon and Bourgueil.

Vegetables flourish in the fertile alluvial silt left by the Loire river, which slides gently by on its sandy bed. Orange-fleshed melons - brought there from Italy and greatly esteemed by John Evelyn when he visited Tours in 1644 - tumble about the fields.

Greengages (known in French as *reines-claudes* in memory of Queen Claude, François I's child bride, who planted them lastly at Blois, back against the warm white stone of beautiful old walled gardens.

This is the home of the Bon Chretien pear (alias Williams or Bartlett), another Italian import first planted at Plessis-Jés-Tours by the good Christian St Francis of Paola for his royal master Louis XI.

In the spring, asparagus spears thrust their way up through the light sandy soil and early potatoes are dug for prompt dispatch to Rue de la Harpe, Paris's central market. Even mushrooms have found their feet here: 80 per

cent of the total French *champignon* production comes from the cufa caves around Saumur.

Appropriately enough, that most spellbinding of French gardens - Villandry - is to be found in the Loire valley. The Chateau was built in 1538 by Jean le Breton, a finance minister of François I, and the gardens laid out to a design which

Villandry is a must for all enthusiastic gardener-cooks

combined both French and Italian monastic influences. The design was meticulously chronicled by one Androuet du Cerceau - a merciful piece of foresight, for 19th century "improvers" unfortunately went to work on the gardens, obliterating all traces of its splendid Renaissance past and relaying it as an English-style park.

In 1906, Joachim Carvallo, a Spaniard, came to the rescue (featured in Weekend

FT, August 10), completely reconstructing the gardens using du Cerceau's original descriptions as his guide.

Twinned with Hatfield House, Villandry is a must for gardener-cooks - except that one is apt to be torn between finding it utterly inspirational, and completely daunting in its perfect symmetry, artful composition and weedless perfection.

Seven gardeners work all year, hand-clipping the box and yew hedges which enclose the beds, pollarding the lime trees (1,260 of them) and grapevines which line the terraces, pruning the espaliered pear and apple trees that surround the kitchen garden, and raising, planting out and tending to the 80,000 bedding plants and 85,000 vegetable plants that are needed each year.

Olivier de Serres, the distinguished 16th century French agronomist who gave his name to the French word for a greenhouse, said: "It is desirable that gardens should be able to be viewed from above, either from the neighbouring buildings or from raised terraces all around the beds."

At Villandry the pure and marvellous symmetry and interplay of colours and tex-



Villandry: artful composition, pumpkins, and weedless perfection

tures can best be viewed either from the top of the castle keep or from the terraces set above the parterres.

Red-legged ruby chard, purple curly ornamental cabbages, green-fronted carrots and golden pumpkin globes are arranged in nine equal-sized (but differently composed) beds set about by manicured box hedges no more than a hand high. At the corner of each bed is a standard rose, symbolising a monk standing guard over his little patch of the monastery garden.

Another pilgrimage site for gardener-cooks visiting

the Loire is the Hotel Restaurant Jean Bardet in Tours. The Bardets bought the property (formerly the Parc Belmont, an elegant 18th century house set in several acres of park land) in 1987 and transformed it into a restaurant of world renown (two Michelin stars) and a classy hotel.

Bardet is a cook of immense talent, a considerable wine taster, and an unconstructed cigar smoker - with wine (he recommends the marriage of a Rey del Mundo with a Gewurztraminer). He is also a vegetable zealot.

The French windows of

the sunny, primrose-yellow dining room open out on to a patio with tables and chairs for pre or post-prandial supping. Beyond this is Bardet's pride and joy: the kitchen garden.

There, under the watchful eye and green fingers of gardener Stephane Gaillac, he has fun experimenting with different varieties of tomato (42 this year); at least 200 different herbs (pineapple sage, variegated lemon sage, thyme, basil sacred and profane, purple and crinkly green), lettuces and chicories galore, peppers and chillies of gaudy hues and unexpected shapes, and

aubergines from deep black to a whiter shade of pale.

Bardet's meatless menu *legumes du potager* at FR260 (£31) brings to mind Rousseau's poetic musings on the subject of the kitchen garden: "Artichokes and salad greens, asparagus, parsnips and the melons of Touraine, all are more tempting than great mounds of royal meats."

First comes a salad of finely shredded curly cabbage with celeriac and fragile shavings of deep-fried leek, with cress and a mildly oriental soya-flavoured dressing. The *cassoletole de légumes* at FR140 (£17) has a distinctly Mediterranean feel and features infant carrots, artichoke hearts, fennel, crisply cooked radishes, olives, leeks and parsnips the size of a little finger, with a few nasturtium flowers tossed over.

The *forte fine tomates et artichaut* has an intensity of flavour which would be hard to better, further enhanced by the addition of herb-infused oil drizzled over the warm tart. The *fondue de Jeune Salet* is a featherlight chilled cheese soufflé served with a sabayon of vintage Vouvray and crisp, peppery tulips to munch on. To finish there are apricots caramelised in honey served with a lavender ice-cream.

"The secret of success is to put together in the kitchen those products which grow happily together," he says. "In my garden, lavender is growing at the foot of an apricot tree. Tuck a grain of lavender inside each apricot double cream; 2 tablespoons slightly stale ciabatta bread crumbs; 2 tablespoons freshly grated Parmigiano cheese; a small nugget of butter.

Sauté the cream with a couple of sprigs of dill and simmer until reduced by one-third to half. Wash the spinach, steam it, squeeze it dry and season it with salt and pepper. Skin, core and slice the tomatoes thickly.

Spread the spinach over the base of a lightly buttered gratin dish. Sprinkle half the chopped dill over it. Cover with half the tomato slices, overlapping them as necessary.

Season with salt, pepper and the rest of the dill. Cover with the remaining tomato slices and finish with more salt and pepper. Pour on the dill cream. Sprinkle the crumbs mixed with the cheese evenly over the top, and bake on a pre-heated baking sheet at 220°C (425°F) for about 15 minutes until thoroughly hot.

Cookery The tomato glut

A light dish designed to take advantage of the tomato glut that we are currently enjoying in England.

TOMATO GRATIN WITH SPINACH AND DILL

(serves 4-5)

An interesting mix of flavours, subtle yet rich, this is an attractive accompaniment for simply steamed or poached fish or chicken, when it acts as both vegetable and sauce. It can also be cooked and served in individual *ouflets* for *le plat* dishes for a first course.

250g fresh spinach; 500g ripe tomatoes; a small bunch of dill (enough to give



2 good sprigs plus 2 tablespoons or so chopped dill; 1 medium tub (284ml) pouring double cream; 2 tablespoons slightly stale ciabatta bread crumbs; 2 tablespoons freshly grated Parmigiano cheese; a small nugget of butter.

Sauté the cream with a couple of sprigs of dill and simmer until reduced by one-third to half. Wash the spinach, steam it, squeeze it dry and season it with salt and pepper. Skin, core and slice the tomatoes thickly.

Spread the spinach over the base of a lightly buttered gratin dish. Sprinkle half the chopped dill over it. Cover with half the tomato slices, overlapping them as necessary.

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Philippa Davenport

The fighting Irish cheese makers

Kieran Cooke samples everything from Gubbeen to Cooleeney

There was a time when asking for a cheeseboard in a restaurant in Ireland was equivalent to requesting a piece of haddock in a steak house. Either the waiter would deny all knowledge of such dangerous edible items or, after considerable scratching around in the lower reaches of the kitchen, a piece of rock hard, funeral looking cheddar accompanied by a soggy digestive biscuit would be placed on the table.

Times and tastes have changed. The growth in tourist numbers, plus a rise in Irish living standards, has resulted in a move away from the traditional dessert

of apple pie with lashings of cream, to an appreciation of cheeses, many of them locally produced.

"Ireland's cheese makers have been battling away, exporting their produce to England and the continent for many years," says David Brown of the Big Cheese Company in Dublin. "In the past three years the Irish have discovered the quality and variety of cheeses being produced here. Irish cheese is still more appreciated abroad than at home but things are changing."

For many years the Dutch have purchased large quantities of Irish Gouda type cheeses such as Doolin and Coolea. In England, France,

Germany and Italy there is a growing market for Cashel Blue, which, when mature, registers in the cheese chart somewhere between a Stilton and a Gorgonzola.

Many of Ireland's farmhouse cheese makers are settlers from England, the Netherlands or Germany - referred to by the locals as "blow-ins" or, in the case of the big expatriate community in the region of West Cork, "The Green Raj".

More than 30 Irish cheeses are now being marketed. Neal's Yard Dairy in Covent Garden is one of the biggest importers, selling through its retail outlets and supplying a growing number of restaurants and delicatessens.

"Irish cheese is one of our best sellers and demand has really grown over the past two or three years," says Caroline Howell of Neal's Yard. "Ireland has a good image of lush pastures and fresh produce. The Irish farmhouse producers are also innovative and not afraid to give new methods a try."

Irish cheese makers still lack the finance to market their produce effectively in a highly competitive sector. Certain technical skills are also lacking. Quantities of Irish cheese are exported to Neal's Yard, matured and then re-exported to Ireland. Ireland's top restaurants say the country still lacks

the vital expertise to mature cheese properly.

Cashel Blue, which accounts for about half of Ireland's cheese exports, is now available in many supermarkets in England and Ireland. Other cheeses either fail to meet the supermarkets' requirements for long shelf life, are not available in sufficient volume or are not price competitive.

A few choice Irish cheeses: □ **Bolle**: a mild cow or goat's cheese from Virginia, in County Cavan. Hand-rolled into balls and preserved in sunflower oil. Excellent as a starter on toast or in a salad. □ **Cooleeney**: similar to a Camembert. When allowed to mature and served at

room temperature, it develops a rich, fresh flavour. From Thurles in County Tipperary. □ **Gubbeen**: from Scull, County Cork. A semi-hard vegetarian cheese, either plain or cask-smoked. □ **Millennium**: One of the oldest Irish cheeses. Packs a considerable punch with a healthy farmyard odour about it. From County Cork. □ **Oria**: another Cork product, a hard and dry sheep cheese which has won several awards. □ **The Big Cheese Company**, Trinity Street, Dublin. Tel: Dublin 6711399. □ **Neal's Yard Dairy**, Covent Garden, London. Tel: 0171-379 7646.

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مكتبات العرب

FOOD AND DRINK

مكتبة المصطفى

What would you guess is the world's most planted red wine grape? Did I hear Cabernet Sauvignon? Please. Cabernet is beaten into fourth place by its Bordeaux cousin Merlot, which is so much easier to ripen there. And Carignan still sprawls over so much of the Languedoc-Roussillon, in spite of attempts to bribe vignerons there to pull it out, that it covers even more ground. But the red wine grape that is planted on a greater area of vineyard than any of these is one that many even quite serious wine drinkers may never have heard of: Grenache or rather Garnacha as it is known in its birthplace and most significant home, Spain.

Because it is as common as drough in Spanish vineyards, Garnacha has not exactly been revered in Spain. In fact it has been dismissed with the ultimate

insult, "OK for pink wine". The same is true throughout much of southern France, but the exception to this, the ultra spicy, meaty, Grenache-dominated red Châteauneuf-du-Pape, proves how wrong this can be. Provided yields are low (no irrigation) and, preferably, vines are old, Grenache/Garnacha can turn out some exceptionally user-friendly reds.

Unifed fast and given no oak ageing, the wines can be juicy, robust fruit juices. Painstakingly made into wine, using every trick to squeeze as much of the essence of the vineyard into the bottle, the wines can be

tough as old boots in youth but display an amazing array of spices and herbs throughout their life. The one characteristic shared by any Grenache worth bottling is - sorry about this - relatively high alcohol. These are wines worth taking seriously. Too heavy by far for summer, warming Grenache-based wines are exceptionally good at softening the blow of plummeting temperatures. Glondas, Vacqueyras and superior Côtes-du-Rhône Villages have been delivering thrills from the Greater Châteauneuf region for many years.

Merchants such as Yapp

Bros. of Mere, Wiltshire; Justini & Brooks, of London SW1; and Edinburgh and Gauntleys, of Nottingham, can supply. It has been only in the last year or so, however, that winemakers in its Aragon homeland have rediscovered pride in Garnacha, spurred on by the first vintage of Baza (2004, Thresher group) made by Rioja winemaker Telmo Rodriguez of Remoluri for Adnams of Southwold, Suffolk. Now we are seeing all sorts of exciting variations on this theme.

A legacy of the House of Aragon's influence is the importance of Grenache in Sardinia, where it is known

as Cannonau, and a host of sweet, port-like wines made from it in Roussillon. The vine was also widely planted in both Australia and California where it produces mainly insipid currant juice but some conscientious winemakers have sought out the oldest, lowest-yielding vines there for our delectation.

Many Grenache or Garnacha wines currently on sale are described as Bush Vine, but this is no great distinguishing mark since so much of this hard-wooded, upright vine is grown bush-like

(rather than trained on wires) anyway. Perhaps the most extraordinary Garnacha ever will come from Priorato, a strange yet extremely sought-after slice of Catalanian slate currently yielding all manner of Clos de This and That, all intensely minerally and some of them brutally uncompromising. It is already too late, alas, to call them bargains. Recommendations: Marques de Aragon Garnacha Puro 1995, about £3.70; from Moreno Wines of London W2; Harvey Nichols of Edinburgh; Grosblossom of London NW6; Noel Young of

Cambridge; Oxford Wine Company of Oxford. A basic, juicy, drink-me style from the San Isidro co-operative in Catalunya, way south of Navarre and Rioja. "Puro" presumably means "not blended with anything more expensive". Agramont Garnacha 1995, £3.99; bigger Tescos and a range of independents. Particularly old Navarre vines are responsible for this herbal remedy for autumn blues. Guelbenzu Jardin 1995, Navarre, £4.99; Majestic. Gorgeously juicy, deeply coloured, low-yielding old-vine produce. Full, rich, lively with a dry finish but burst-

ing with ripe fruit. More successful than Guelbenzu's grander Cabernet-based Ivo. Vacqueyras 1994 Domaine Cabassol, £6.49; Oddbins. Sweet, spicy and lively. Vacqueyras 1996 Domaine Le Courroux, £7.75; Berry Bros & Rudd, of London SW1. Spice, herbs, gorgeous southern Rhône stuff, yet absolutely ready to drink. Guts and potential. The Fergus 1994, Tim Adams, £8.99; Australian Wine Club. Tel: 0800-718933. A South Australian variant with a future. Very rich and gutsy, but much milder than any Rhône. Chateau Rayas from 2007; O.W. Loeb of London SW2 and Adams of Southwold. The Châteauneuf-du-Pape for insiders, depending unusually heavily on Grenache. Get your hands on as much of this, its sidekick Clos Pignan and its stablemate, Domaine de Fonsalette, as you can afford.

The perfect warming autumn drink

Jancis Robinson points out the strengths of the world's most planted red wine grape

Wine

Eating in

Treat of the game season

Working parents know the problem. Time. Trying to juggle work and family commitments and treat old friends to the odd week-day dinner party often requires organisational skills better suited to devising a German railway timetable. But help is at hand. Hugo Arnold, author of *Simple Suppers* and master of the quick dinner party, has put together six stylish menus for the autumn - and all can be put together in roughly half an hour.

Of all the widely available game at this time of year, it is partridge that shines above all others. Not only for its succulence - its delicate gaminess perfect for any novice hesitant about the season's treat - but also for its ease of handling. One par person for an occasion, half a bird if the accompaniments are of sufficient substance and quantity. Serving is a delight and even if you do not want to be troubled with a whole bird on the plate, removing the breast and legs is as easy as slicing ham, well, almost.

Partridge used to be as predominant in England, if not more so, than pheasant is today. Before the 1950s and the introduction of intensive farming, the hedgerows - remember them? - were thick with partridge. No longer. The partridge family has plummeted throughout Europe, so much so that prices have soared and we can only laugh at the common Victorian complaint of too much partridge on the dinner table. They often ate grey partridge however, while we tend to eat the more common red partridge. The latter is altogether a more meaty bird and, say the experts, not as fine, although I have to admit to being addicted.

Wild game is about as free-range as food can be and so much the better for it. No hormones or growth promoters to speak of, no unsightly sheds to lock them up in. Buy from a reputable game

dealer if possible, some of the larger supermarkets sell them, but their handling policy is lenient to say the least. The result is a bird lacking sufficient clout.

A hot oven, game chips and bread sauce may be the traditional route for game in this country but braising makes for trouble-free cooking and helps to keep the meat moist. And instead of those darkened juices, you get gently steamed lighter flavours mixing with the vegetables.

Rich, earthy wild mushrooms are the season's other



treat, what better way to enjoy them than on toast, in this instance enlivened with creamy tangy goat's cheese and opulent truffle oil. Watercress, its pepperyness the perfect foil for all this indulgence, is one of England's most rewarding native leaves, well able to compete with the often weak-flavoured imported rocket, a weed we are still asked to pay too much for. Figs remain a favourite fast dessert - particularly with a full-flavoured expensive honey such as acacia. All recipes serve four.



Abraham Bloembergen's 'Still Life with Fruit and a Dead Partridge' (1894-1895) in the Refectory Gallery, London

The Bridgman Art Library

Hugo Arnold's 30-minute dinner party menus - No. 1

Starter

BRUSCHETTA OF WILD MUSHROOMS, GOAT'S CHEESE AND TRUFFLE OIL

Four slices of good country bread; olive oil; salt and pepper; 1 garlic clove, cut in half; 450g assorted wild mushrooms, picked over; 1 goat's cheese crouton, crumbled (about 50g); 1 tablespoon chopped parsley; truffle oil (available in most good delicatessens).

Method: Brush the bread with olive oil, season with salt and pepper and grill on both sides until golden brown, rub with a garlic clove and set aside. Heat four tablespoons of olive oil in a frying pan and when the oil is hot, but not smoking, add the mushrooms. Toss thoroughly in the oil and cook over a moderate heat for between three and four minutes, or until the mushrooms begin to release their juices. Add the cheese and parsley and continue cooking for a further two minutes, or until the cheese melts. Arrange the toast on four plates, spoon over the mushroom mixture, drizzle over a scant teaspoon of the truffle oil and serve.

Main Course

BRAISED PARTRIDGE WITH ROOT VEGETABLES

Four partridges; olive oil; 50g unsalted butter; salt and pepper; 8 shallots, peeled and quartered; 2 carrots, peeled and quartered lengthways; 2 sticks celery, trimmed and halved; 8 baby turnips, peeled (larger ones should be halved); 1 small bay leaf; 1 glass white wine.

Method: Heat 3 tablespoons of olive oil in a heavy casserole dish until almost smoking, and brown the partridges. Remove, pour off the oil and replace with three tablespoons of fresh oil and the butter. Add the vegetables and bay leaf, toss in the oil and butter, season with salt and pepper and replace the partridges, breasts down. Cover the birds loosely with a piece of tin foil, put on the lid and braise over a moderate heat for 25 minutes, or until the partridges are cooked.

Remove the birds and keep warm. Add the wine to the vegetables, turn up the heat and simmer for four minutes. Serve the birds on top of the vegetables with the sauce spooned around the edge of the plate.

BLACK OLIVE, ORANGE AND WATERCRESS SALAD

Four generous handfuls of watercress, picked over; 1 orange; 10g pitted black olives; olive oil; lemon juice; salt and pepper.

Method: Wash a sharp knife; cut off the skin and pith of the orange. Cut out segments, removing any pith. Halve the olives. Mix two tablespoons of olive oil with lemon juice to taste. Season with salt and pepper and add a teaspoon of water. Soak in a bowl and add the watercress, orange segments and black olives. Just before serving toss well so everything is coated with the dressing.

Dessert

GRILLED FIGS, HONEY AND ICE-CREAM

Eight ripe figs; 2 tablespoons honey; 1 tub of a well-known ice-cream.

Method: Cut the figs in quarters, but leave attached at the bottom so they open out like a flower. Place in a shallow roasting tin and drizzle the honey into each tin. Place under a pre-heated grill for five minutes, or until the edges just start to blacken. Remove and serve with a generous scoop of ice-cream.

Wine

Jancis Robinson's recommendation with the main course is Kautz-Ironstone Cabernet Franc 1993 California. £5.99, from Majestic in the UK.

Appetisers

At 1 Kingsway, London WC2, the conversion of a former bank branch into another big bar-cum-restaurant is almost complete.

To be called Bank, it is to open on October 18 (0171-408 9990) and will harness the managerial talents of Eric Garner, who opened Quagline's, and the culinary skills of Christian Dettell, former chef/proprietor of L'Arlequin and Tim Hughes,

former head chef at Le Caprice. Nicholas Lander, I have never thought of Jennifer Paterson, cook and Great British Eccentric, as a cult figure but she may become one when her new book and UK television series are launched next month.

Two Fat Ladies, with Paterson and Clarissa Dick-

son Wright, will be screened on October 9 on BBC 2, the day that the book of the same name is published by Ebury Press (£17.99). Flamboyant does not do justice to Paterson's character and culinary certainty, so I am sure that the series will be full of genuine fun and excellent recipes. For book inquiries ring:

01621-818596. Jill James. There is a chance to sample the acclaimed food of David Wilson, of the Peat Inn, near Cupar, in Fife, while he is cooking at the Lanesborough, London SW1, during its Scottish chef promotion (October 18-26). Among the treats is roast saddle of venison with wild mushroom and truffle crust. For details call 0171-259 5598.

Eating out

Novelli's new temptations

Jean-Christophe Novelli's new restaurant will be no disappointment to those who had admired his skill at the Four Seasons Hotel, London.

His new premises, in London's up-and-coming Clerkenwell, traded in this column recently, abide by the now established formula of having a separate "bistro" where Novelli's cooking can be enjoyed at a fraction of the price charged in the upstairs "restaurant". Novelli had Michelin stars at both the Providence Restaurant in the Grafton Hotel in Hampshire and the Four Seasons but this is his first opportunity as chef/proprietor. My starter of a pancake filled with wild mushrooms and topped

with parmesan "crackling" gave way to a sunny dish of sea bass in chorizo oil with sun-dried tomatoes and little Niçoise olives. Truly superb was a pig's trotter stuffed with wild mushrooms and calves' tongue which came with a celeriac purée. Pudding was a novel strawberry tart tatin.

If the cooking is this good already the decorators were just leaving as I arrived - then it augurs well for the future. Meals at the restaurant: £18 for two-courses, £27 for three, and £32.50 for four, before wine. Downstairs: starters £3.50, mains £6.95.

Maison Novelli, 29 Clerkenwell Green, London EC1. Tel: 0171-251 6806.

Giles MacDonogh



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TRAVEL

Travels with a querulous old lady

Nicholas Woodsworth is going in search of the real America, but first he has to equip himself and find the right means of transport

Great or small, elegant or shambling, epic or insignificant, all journeys have a beginning. Such starting points may not always be quite as ceremonious and dignified as the traveller has imagined they will be - Christopher Columbus himself spent four ignominious years tramping around Spain after the royal court of Ferdinand and Isabella before he was finally granted a charter of exploration and sailed west.

My own discovery of America began with still less decorum, over a polystyrene tub of fast food in the parking lot outside Nick's Canteen in Hull, Quebec.

On a sunny Saturday morning in late summer, Nick was doing a roaring trade in cuisine, a French Canadian speciality of chips drowned in glutinous brown gravy and melted cheese. It is the *ne plus ultra* of road food and, I thought, for anyone about to take to the highways of North America, as appropriate a symbol of departure as a bottle of champagne is to a new ship.

But it was not Nick's roadside fare that had brought me to this part of town. Like almost every one else busy wielding plastic forks there, I had come to patronise the even busier establishment on the opposite side of the parking lot, the Canadian Tire Corporation.

Canadian Tire stores are a veritable national icon, a country-wide chain offering a vast range of items dear to all Canadian hearts - snow tyres and chainsaws, checked flannel shirts and fishing rods, canoe paddles and thermal clothing, beer coolers and anti-freeze. While other national retail stores are these days barely keeping afloat above the surface of a stagnant economy, Canada's robust, out-

door, hockey-puck culture keeps the CTC humming along, season in, season out, coast to coast.

I am not sure that a large part of its present good fortune was not due largely to one customer - me. The brand new but already grubby-splattered North American road atlas I was poring over - an essential item to my imminent 10,000-mile tour of the continent - was the last in an endless series of purchases there.

Getting outfitted for life on the



road is a serious business. The deadly mistakes most travellers tend towards is over-provision. When novelist John Steinbeck - no slouch at travel - set out across the continent in the journey recounted in *Travels with Charley*, he estimated that he loaded his car with four times too much equipment. Eventually, his rear tyres blew out.

I had managed to resist the temptation of stocking up on hockey pucks, but despite my best efforts I now possessed a small mountain of gear - everything from spark-plug wrenches to emergency whisky supply, from cheese graters to, yes indeed, thermal underwear. Who can tell what adventures and contingencies the highway might throw up? It all lay neatly stowed away

in my own Rosinante, an 11-year-old Volkswagen van that I regard less as a doughty steed than a querulous elderly lady.

I can hardly say I blame her for her tetchy character. When I had started searching the second-hand lots for a vehicle suitable for a continental tour, I quickly despaired. I was looking for a vehicle in which I could eat, sleep and live comfortably. At the same time, I wanted something that I could park inconspicuously in any setting - in a suburban side-street, on a wilderness riverbank, at the shoulder of a rural highway.

But today's recreational vehicles are anything but inconspicuous. The prime tools of what has become a vast consumer sub-culture of mobile Americans, they are monsters. I did not want a 32ft modular home on wheels. I abandoned the lots, and began talking to the locals. And when I finally came across a little, tan-coloured VW passenger van slowly sliding, with 140,000km on the dial, into a sedate and sedentary old age, I stopped looking.

Some inanimate objects, whatever the grammarians may say, have gender, and this, indubitably, was a she. But not when I got to work on her, a very happy she. I subjected her to rigorous physical indignities passenger vans half her age would have objected to.

I ripped out her seats. I stripped out her worn carpets. I roamed junkyards, auto wreckers, lumber yards, curtain-makers, mattress stuffers and the aisles of Canadian Tire looking for bits and pieces to turn her into a respectable camping van. I enlisted mechanics to stop her rattles knocking and lubricate her aching joints. She still wheezes on hills. She still burns too much oil. Her rust patches, the liver spots of automobile old-



age, have not gone away. Back to the daily working grind, she is not sure she likes it.

Why travel the roads of America, you may be asking, in a geriatric van? Why, indeed, travel the roads of America at all?

Twenty years ago I left a home in the quiet Quebec countryside for what I considered more exciting pastures. Since then I have as a journalist been on the go most of the time, visiting remote and far-flung spots. As a North American I disdained North America as banal and everyday.

It is only recently that I have realised that the continent is as strange as any other place. Perhaps stranger; less attached to the past than anywhere else, it is perpetually throwing up new and sometimes unaccountable forms of existence. Some visions it offers the world seem hopeful. Others are dark and frightening.

It seemed time to go back to my own continent and rediscover it. But I have learned that jetting in, seeing the sights, and jetting out again to the next city is not the best way to do it.

When I spent a morning in a Quebec garage chatting with Guy Pelletier as he probed the greasy innards of my VW, he may have given me a smoother running motor. But he also gave me something no package tour or luxury Quebec holiday could. Will the looming prospect of Quebec's independence from the rest of Canada come to anything? I do not know, but the dozen encounters from the simple buying of an old van have given me some idea of what many ordinary Quebecers fear and wish for in life.

A sense of the everyday reality of places comes from doing everyday things. And so on that sunny Saturday morning I spared my last gravy-soaked chip, opened my road atlas to a small chunk of a large continent, and climbed aboard. Whether Kansas farmers, Texas border patrolmen, or LA screen-hopefuls waiting on tables, there are a thousand Guy Pelletiers out there. On the road, puttingter in none-too-buried fashion past a thousand towns, I set off hoping to encounter something of their America.

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TRAVEL

A hidden pearl in East Sussex

Antony Thorncroft looks at an architectural gem in Bexhill-on-Sea that is due for a new lease of life

Bexhill-on-Sea is not the most thriving of England's seaside resorts. The train journey there is ponderous; road links are not much better. Anyone desperate for sea breezes is likely to be distracted by the more obvious charms of adjacent Hastings or nearby Eastbourne. And that is what makes Bexhill so intriguing: it is the never-quite-happened Sussex resort, the pearl that failed to escape the oyster. There are signs of what might have been when you arrive at the cavernous station.

Crowds were obviously expected. And for a brief time they came: thousands of well-scrubbed children, packed off to the dozens of prep schools that skirted the town. Hardly one remains, and the station looks sad and lonely. Step outside and life perks up immediately. Bexhill was largely created by the De La Warr family in the Edwardian era. The family had

owned the land for centuries and decided to develop a select, well planned, resort of a kind to appeal to retired Indian officers. Little has changed in almost a century - the same grid pattern; the same red brick buildings; the main shopping streets crisscrossed with small specialist retailers which have kept at bay the supermarkets and the chain stores. Bexhill has matured slowly, in step with its elderly population.

By the time you reach the sea front you are lulled into a 1950s time warp. And there suddenly it is - a building of such modernist pretensions that it would warm the concrete heart of Le Corbusier: the De La Warr Pavilion, Bexhill's palace of fun and physical fitness built in 1935 to rival similar modernist fantasies at Worthing and Eastbourne.

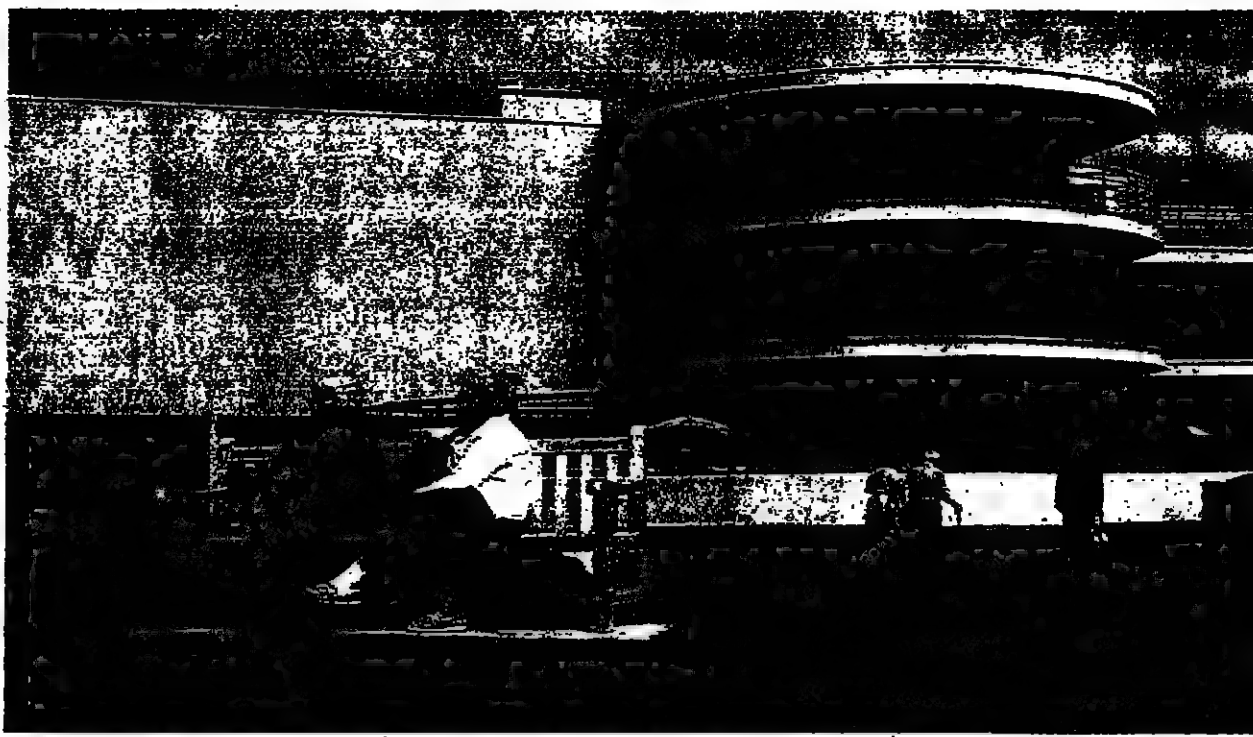
But Bexhill went all the way. The 9th Earl De La Warr could get away with virtually anything. The socialist mayor of a conservative town, he wanted a contemporary building. He

ensured that the open, anonymous, competition was judged by a modernist, who selected the designs of the émigrés, Mendelssohn and Chermayeff.

The welded steel frame building, a first for the UK, coated in concrete and mica chippings, was immediately acclaimed as a little bit of Bauhaus in England. Its mixture of plain white walls and glass curves are familiar to any addict of televised versions of classic 1930s crime novels. Hercule Poirot has spent many hours tripping around the De La Warr.

Now its faded charms are to be snatched up. For the Pavilion is a pale shadow of its initial glory. The flat roof where Bright Young Things played quids and physically jerked is a safety risk; the 1,200 seat theatre is decreed by 1960s fabrics; the clean lines of the entrance hall are impeded; the exterior has lost its mica coating.

The lottery has given £500,000 to provide seedcorn for a project which will eventually cost £1.1m. If all goes according to plan the heritage lottery will eventually provide 75 per cent of the total expense, with the remainder coming from the local council and friends. The Sainsbury family had holiday homes here; a De La Warr founded Delaware, so there may be hope in the US. German architectural foundations may like to support the Mendelssohn. There is great goodwill towards this Grade



The De La Warr Pavilion, Bexhill: one thing that happened in the never-quite-happened Sussex resort

Michael George/Collection

I Listed building.

There is no point in beautifying the pavilion without improving its creative output, which has declined into one-nighters from the likes of The Barron Knights.

The new artistic director hopes to tie in the building with a new audience by expanding the visual arts side, providing home to a sculpture collection of the 1930s. A more challenging programme will capture a

wider audience. Comedian Eddie Izzard, whose career began selling ice-cream at the pavilion, started his world tour there on September 1. There is hope.

It is unlikely that a renovated pavilion will disturb the calm pace of Bexhill. But it is a good example of lottery cash spreading into the forgotten corners of the land. It nicely balances other lottery projects that are enhancing the Sussex coast.

Perhaps the most exciting developments are at Brighton, which is smartening up after decades of neglect. The ruin of the West Pier, closed for more than 20 years and now detached from the shore by storms and disrepair, has been awarded £350,000 from the Heritage Lottery Fund to finance emergency holding works, with the prospect of more for a project which might eventually cost £35m.

This seems a substantial sum, but the West Pier has always been Brighton's classier pier, is Grade One Listed, and is certain to pay its way once repaired.

Almost opposite the pier is Brighton, or rather Hove's, most elegant district, Brunswick Square, which houses the most imaginative lottery development in the region. Number 13 has been taken over by the Brunswick Town Charitable Trust, which plans to return it to its pristine 1826 glory.

The current Janeites obsession with the domestic life of the past - especially of upstairs living in the Regency Period (and just after) - should make it an instant draw. Along the way at No.10, the basement has been acquired. It is almost untouched after 175 years and will provide a fascinating insight into the downstairs life of the period. So far the lottery has contributed £37,000, but more will be needed to complete the £2m development, which includes a significant educational programme.

There is in the £20m plan to upgrade the Dome complex, with a concert hall, a theatre, and an exhibition space, and Brighton is certainly shaking off the seaweed. But you should never need an excuse to visit Brighton; Bexhill requires a detour, and the De La Warr Pavilion is worth the effort. By the millennium it should be the finest gallery of 20th century art on the south coast.

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TRAVEL

Hitler's stone graveyard

The city of Nuremberg has a dark legacy, writes Christopher McCooey

Understandably, perhaps, the press handouts were selective. A group of journalists was in Nuremberg by invitation of the Bavarian Tourist Board. Figures, dates, bums, puff - "882,796 visited the zoo last year: 1050 is the earliest recorded reference to Nuremberg; world famous Toy Fair; the German Empire's treasure chest". As you would expect, the trip was organised with Teutonic thoroughness and tightly scheduled.

However, there was a couple of hours between a press conference and a walk around the old city walls. "Are there any questions? Any requests?" A colleague from the Brighton Evening Argus was sweet reason personified. "Would it be possible, as there is a coach at our disposal, to go and see the rally grounds just out of town?" There was embarrassment, furtive looks, muttered exchanges... then acquiescence.

Everyone, if they can, should go to Nuremberg and see the remains of Hitler's attempts to construct a granite and concrete symbol of his dream of National Socialism - to coin his own phrase, "words built in stone".

Poor Nuremberg. It shares with other cities - Hiroshima, Jamestown, Enniskillen, Oklahoma - an enormous burden. Places that will forever be associated with dastardly deeds. It deserves better, for it is a fine city with a beautiful medieval heart (albeit a replica - the Allies destroyed 90 per cent of the original in a raid on January 2 1945; the rebuilding was completed in 1966).

Once he became party leader, Hitler wanted to hold regular rallies to pump up the ideology of National Socialism - the belief that the individual was nothing, the nation state was everything. Nuremberg was chosen to hold the rallies largely because of its imperial prestige and its central

and easily accessible location within Germany. The local police were also sympathetic to Hitler's views on Jews and communists.

Space was needed to erect suitable buildings in which the party could gather and show off its power. An area to the south-east of the city was chosen. It was to prove a considerable challenge to the architect because much of the land was marshy. Albert Speer's plans were approved by Hitler and work began in the spring of 1935.

The buildings that still stand are in the same unfinished condition as when work was halted at the outbreak of the second world war in September 1939. The German Stadium for "combat games" was to have seated an incredible 405,000 people, who would have been supplied with binoculars to follow the events. The site did not progress beyond the excavation stage. Today a lake fills the huge hole.

The Congress Hall remains just a concrete horseshoe-shaped arena with a granite block exterior. It is four storeys with open colonnades on the ground floor. It was meant to have an enormous glass roof. During the week it is open to the public. Inside it is stark. Entrances in the upper storeys are bricked up, there are no seats. The space in the middle is used as a storage area - illegally parked or abandoned cars that have been towed from the streets give it the feel of a graveyard.

Across the adjoining lake is the Zeppelin Field. It owes its name to Count Zeppelin, who landed one of his airships there in 1936. A long, low rectangular building was erected for the party faithful to watch events in celebration of the "Day of the Armed Forces".

The main stand is 350 metres long with a raised platform from which the Führer brought the week-long rallies to their climax. Blaring Wagnerian overtures,



Congress Hall in Nuremberg, pride of National Socialism

Christopher McCooey

stirring martial songs, goose-stepping marches, human swastika formations. I could easily, chillingly, imagine it.

Hitler's podium remains a popular place to have your photo taken. The terraces are being taken over by weeds and are only used when motor racing is held on the marching area in front.

In the bowls of the stadium is an exhibition, which pulls no punches. Titled Fascination and Violence, the photos on display record the rise and fall of National Socialism. I made a point of going around it with our Bavarian guide. I asked her what she felt when she looked at what was on display. "It makes me go cold," she replied. Hitler had hoped that his

"words in stone" would be where the elite of the party would gather for centuries to come. "But if, at some point," he said, "the Movement should become mute, then even after millennia this witness here will continue to speak."

Thank God, it is mute. Please God, Nurembergers will have the courage to let the pompous excess of the buildings continue to speak for many years to come.

Return rail fares between London (Waterloo) and Nuremberg cost from £181. Lufthansa's special excursion economy fares between London and Nuremberg start from £178 return. The German National Tourist Office is in Nightingale House, 65 Curzon Street, London W1A 3NE. Tel: 0171-495 0081.

Check-in / Roger Bray

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The system, which is undergoing trials funded by the European Commission, allows air traffic controllers to "interrogate" an aircraft's computer system via a satellite link. Its exact position then appears on a map displayed on a TV monitor.

Aircraft flying between Europe and North America must now stay 60 miles, and at least 10 minutes, apart horizontally, and 2,000ft vertically. Britain's Civil Aviation Authority says that, using ADS, those gaps could be cut to 15 miles and 1,000ft. This would speed up the flow of flights and reduce the need for pilots to slow down in order to keep their distance.

ADS could also be adapted for use by airlines, so they could see exactly where their jets were. That would prevent panic if pilots were forced to make emergency landings in places beyond the reach of conventional communications and could help calm the nerves of passengers delayed by the interruption.

As one airline executive said: "In an operational sense, this probably would not make that much difference to us, but it could certainly improve public relations. If a member of ground staff could point to a screen and say 'there, that's your aircraft', it could be a major bonus."

Val, where Wall Street frolics in the snow and Diane, the Princess of Wales, lowered her gaze for the paparazzi, has never been a US budget ski resort. But a change there this season from Orient-Express Hotels looks almost expensive enough to cause a run on the bank. Accommodation is at one of the townhouses belonging to the

Lodge, the swish gathering place for post-powder cocktails. Bang on the slopes, it has three bedrooms, each with a balcony, and a sitting room where the log fire will be lit by a butler. Guests' skis will be "tuned up" on arrival as part of the deal, a one-hour massage is included - and a gourmet breakfast is thrown in for each of the four mornings.

But you have to buy your own lunch and dinner and there's no cruise-ship-style free bar, although a representative says: "I think you get champagne on arrival." The costliest element is a full day's heli-skiing in the Col-

breaks even in high summer. We wound up with a cottage in Clun, close to the ancient village bridge and ruined Norman castle, and a short step from a pub, which served Wye Valley bitter as "guest ale" and produced perfectly passable bar meals.

We hiked up to the Long Mynd, near Church Stretton and on the windy Kerry Ridgeway, just across the Welsh border and got hopelessly lost.

This is glorious country in late summer, the heather vivid on the uplands and bilberries ripening on dense carpets of shin-high bushes. Yet we bumped into only a handful of other walkers. Pleasure was topped off by a ravishing production of *The Marriage of Figaro* at the Mid-Wales Opera Festival in Newtown, a half-hour drive from Clun.

*Country Holidays (01282-445300). Until the end of the year the price of a three-night break at this 18th century cottage, which has one single and one double bedroom, ranges from £129 to £209 (extra nights can be arranged).

New Man is much more willing to confess his fear of flying, says Tina Barbour, one of a team running regular therapy sessions for Britannia, the leading UK charter airline.

When the courses started five years ago, at least three-quarters of the participants were women. Now, she says, the split is around 50-50. "At first, very few men were ready to admit their anxiety but recently it has become more acceptable to show concern. It's no longer seen as a weakness, and people are prepared to do something about it."

Britannia runs two sessions a year at East Midlands airport. A day's session includes a talk by an airline medical specialist, an explanation of sights and sounds which may alarm the unprepared, explanations of how aircraft work - and a short flight, during which passengers visit the flight deck.

Barbour says that 94 per cent of participants are able to board a flight when they have finished. "I remember one very cool guy telling me during a coffee break that it was all very interesting but he was not that worried about flying. Then I noticed he was reading his newspaper upside down."



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Pink Snow
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Safari
On 19th October the Weekend FT will be celebrating the diverse and beautiful continent of Africa in its forthcoming Safari feature. From the thrill of the big game safari to the luxury of classical tented holidays, from the splendour of Victoria Falls to the true wilderness of Namibia and Zambia, this Financial Times feature will allow our readers to discover the adventure and magic that is Safari.

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Weekend FT

مكتبات الرمال

FASHION

The Jean Muir legacy lives on

Marion Hume says the label long associated with jersey is as desirable as ever

There is a marvellous buzz about British fashion right now. This is London Fashion Week and there is an almost palpable excitement in the capital about the talents of Alexander McQueen, Hussein Chalayan, Antonio Berardi and Clements Ribeiro.

But among such names is one which does not cater for those requiring buttock-revealing trousers or something angular in PVC. In among the "hot", "cool", "hip" and "fabulous" is a name that has garnered respect for 30 years and one that has long been associated with this season's most fashionable fabric, jersey.

The name is Jean Muir. When Jean Muir died last year, her loyalists stockpiled her clothes. There are many stories of women throughout the country buying up all the "Miss Muirs" they could find. For Miss Muir's customers worshipped those easy, elegant designs that did not go out of date six months after purchase.

Thankfully the legacy continues in a manner that would make Miss Muir not only satisfied, but proud. Dedicated Jean Muir customers can relax in the knowledge that the clothes are as desirable as ever, while those women perhaps too young to have aspired to a Jean Muir outfit can check out the label for the first time. At the headquarters at 22 Bruton Street, Miss Muir is mentioned in every second breath by her staff, yet no one seems tempted to set the styles she pioneered in aspic.

"Miss Muir believed in looking forward. People are mistaken if they think that was not the case," says Sixty Stamp, head of marketing and press. "She welcomed new ideas," says Joyce Fenton, a member of the design team. "Miss Muir kept an archive, but we don't pore over it. I don't think she would really have wanted us to rehash old designs," says Angela Gill, a designer.

In the run-up to the label's spring/summer 1997 show, everyone pitches in, from Ros Condi who started off as a house model along with Joanna Lumley and now plans the show, to Tamsin de Roemer, the model on whom all the prototypes are fitted and who also designs a range of handbags for the company.

The diversification of roles among the staff appears to work: this private company comprises just 22 people and achieves what would in other fashion companies of similar worldwide renown require a cast of thousands.

Staff turnover at Jean Muir is low (even the younger members in their 30s have been there since leaving college) and they all know what is required, inside out.

"On the surface, we're like

ducks gliding on a pond," jokes Gill. "But underneath we are paddling like fury."

The company has survived the death of its founder in part because of the work practices Jean Muir established.

"Miss Muir taught us all the A-Z of the company. We have always had to do a bit of everything including taking stock inquiries, so we are familiar with what the customer wants," Stamp says.

Miss Muir also practised what she preached. She would answer phone inquiries, do a bit of stock allocation here, a bit of dispatch there.

The Jean Muir clothes age range easily spans from 20 to 80. The new collection, while it does not ignore the core customer, has plenty to offer the younger woman. "We are in our 30s, and we thought

The Jean Muir offering has always been slightly out of kilter with wacky London

about what we need," Fenton says, pointing to some skinny cardigans in plush cashmere. There are flat-fronted trousers in the range for the first time. "Miss Muir didn't like waistbands. She thought them restrictive."

"These are slim, yet have enough give to be comfortable," Fenton says. She hopes that larger customers, addicted to the elasticated waistbands that remain part of the Jean Muir collection, may also fall for the smoother, less bulky line.

In the new collection, the fourth (including two transitional collections) since Miss Muir died, there are some star pieces; a caramel suede jacket with hand-crafted silver buttons; a navy blue wool crepe suit of short jacket with wide lapels and a fashionable to-the-knee skirt; a collarless jacket that has a soft, sinuous silhouette, avoiding the barrel look notorious with this style.

Other pieces are classic Miss Muir, each clearly designed for the three-dimensional body in motion. There are simple pieces, easy pieces, pieces that co-ordinate with what the customer bought last year or 10 years before that. There are garments that could be pulled together into a lightweight, co-ordinating, travelling wardrobe, whatever the woman's age or size.

Then there is the perennial jersey, (Miss Muir

(From top left to right) Beige crepe bouclé long-line fitted jacket, £227 with matching palazzo trousers, £260; long azure jersey dress with stitched pocket and cuff detail, £200; long navy jersey dress with fluted sleeve and scoop tie-neck, £265.

Stockists: Harvey Nichols, Knightsbridge SW1 (0171-255 5000), Harrod's, Knightsbridge, SW1 (0171-730 1234), Selfridges, Oxford Street, W1 (0171-629 1234), Liberty, Regent Street, W1 (0171-734 1234), The Jean Muir department at Jaeger, 200-208 Regent Street, W1 (0171-200 4047), Fenwick, 85 New Bond Street, London W1 (0171-629 9181) and also Newcastle, York and Windsor, Polytechnic, 16 Market Hill, Barnsley, South Yorkshire (01226-291685), Olive Weston, 157 Alcester Road, Birmingham (0121-446 1126), Penelope, 74 Hyndland Road, Glasgow (0141-339 8965), Hopsons, 55 The Promenade, Cheltenham (01242-927505) and at Torquay, Turbidge Wells and Wanslow, Bradford.

Jewellery throughout by Jean Young for Jean Muir.

always preferred viscose jersey to silk jersey) of special interest in this season of 1970s/80s/Studio 54 revivalist style. Everyone is trying to do jersey clothes now, but the harsh truth is that many of them look horrible because slippery jersey is devilishly difficult to work with and infuriatingly easy to ruin under a sewing machine.

Jean Muir built her business on jersey - which she always maintained she tailored as well as draped. Her floppy capri pants, her to-the-ankle tunic dresses, her spaghetti strapped or fluted cap-sleeved evening sheaths

are probably the best you will find anywhere.

The Jean Muir offering has always been slightly out of kilter with wacky London and more in tune with what the American designers call "sportswear".

The customer in search of something slinky by Calvin Klein or something parkable and versatile by Donna Karan overlooks at her peril the immaculately made and competitively priced versions labelled Jean Muir.

Miss Muir's spirit is very much in residence at 22 Bruton Street, where a lively pencil sketch of a young

Miss Muir faces a more dour drawing of her with her signature precision-cut bob. It would be impertinent and insensitive to ask if she is missed, but does the company, I ask, feel different day-to-day?

"It is different and it isn't different. We all know what we have to do," Gill says.

"We do what we do as Miss Muir would have done it. She had such a strong personality, she was such an influence," Stamp says.

"We still think she's looking on," Fenton adds. "We hope, from up there, she can see the figures!"



Short, suede shirt/jacket in sand colour with fine punching and starting silver buttons, £266; black ribbed sleeveless top, £143; black jersey palazzo trousers, £250.

Photographer: Andrew Lamb; Hair and make-up: Alex Babaly

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that the swallow knows when to leave -
and in his heart that he chooses
a fitting time to return."

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PROPERTY

Small is beautiful in Cumbria

Gerald Cadogan finds a motorway service station which is a pleasure to use

It was hard to find a bank clearing or merchant, that would take him seriously, says Dunning, one of the founders of the UK's best motorway service station, and the only one which is a small family business - in fact two families.

Small is beautiful at Westmorland Motorway Services' award-winning Tebay station, which straddles the M6 between exits 38 and 39 on the southern ascent to Shap Fell. It has had a Civic Trust award for design and a Loo of the Year prize.

Three years ago Tebay East (southbound) joined Tebay West (northbound), which opened in 1972, to provide a country stop with good local food, civilised service, clean surroundings and value for money. It is a force in the local economy.

Bottled water is the Lakeland brand. Meat is from Morecambe, the fudge in the shop from a maker in Penrith, and the bread and cakes from Birketts, also of

Penrith, whose directors, David Snowden and cousin Nicky Birkett, have been John and Barbara Dunning's partners from the beginning. Petrol is 2p a litre below the usual rate.

The buildings are designed like barns in limestone, slate and Scots pine. Picnic areas and restaurants (300 covers) look on to ponds with ducks and views of the fells. Photographs on the walls of traditional Lakeland life, interspersed with Wordsworth poems, show that Cumbria is special - and this motorway stop unique. How different from the nearby Granada station, with blown-up pictures of strawberries and beans on toast.

Tebay's philosophy - "Pause, traveller, to enjoy and experi-

ence" - has proved highly successful, in spite of early struggles and the effort involved in raising money for the southbound side. "The banks have not served the small business sector well," says Dunning, "and their conduct in the last recession destroyed customer loyalty." Their local bank manager supported their loan application to London but "the visionless calculators there could not conceive of any promising prospect in the wilds of Cumbria".

In the end Singer & Friedlander loaned £3m, but Dunning sees the experience as "exposing the cultural divide between the City and small provincial business". To him it also partly explains the indifferent post-war performance

of the UK's local businesses.

He believes Michael Heseltine's Business Link project, co-ordinating specialist help and "coaching people into small businesses", is a way forward which, for the first time, offers "real professional support to small firms". And Tebay has joined the Investors in People scheme to involve all staff in the development of the business and their own skills.

Tebay began in the 1980s when the imminent arrival of the M6 cutting through land Dunning's family had farmed for generations - coincided with the decision to shut Tebay railway station and stop pushing trains over Shap with the auxiliary bank engines based there.

It looked a disaster for the com-

munity since the M6 would whizz people through with little local benefit. When the Ministry of Transport called for tenders for a large service area, "the big players didn't bite", seeing insufficient turnover.

So a new call for tenders went out, for an area of just 40 seats. "We began as a very small operation," Shell supplied the fuel, and later BP. In 1976 Westmorland opened its Mountain Lodge Hotel at the service area, with help from the English Tourist Board and the county council. It took three years to break even. The rooms (24 a night) are quiet and spacious, with no sense of being by a motorway, and it has a comfortable, dainty dining room.

In 1982 the caravan park began,

now run by a couple who came as customers and then asked to manage it, and in 1986 the truck stop was added at exit 38. In the recent privatisations, Westmorland bought back its freehold "at the market price, not at the agricultural rate they paid us for taking our land in the first place," said Dunning. Today, Tebay employs 10 times its original workforce and offers the most comprehensive range of services on a UK motorway.

Dunning, a modest man, is quietly proud of what Tebay does for Cumbria. Its 260 staff are bussed in for eight-hour shifts. "It takes revenue back to the farms and communities, which stabilises the local economy - and the landscape," he says.

The money, and contracts such as maintaining outside parts of the service area, help the hill farmers to keep going without having to amalgamate as has happened in other hill areas of the region. "Encouraging the rural economy safeguards our upland landscapes more creatively than just resisting change - which induces decay," says Dunning.

What is next? Westmorland has just won a £2m Regional Challenge grant for Hills of the North, a £10m centre by the Penrith exit on the M6 to welcome visitors to Cumbria. The success of Tebay offers City bankers, who sometimes stop off en route to Scotland, food for thought as well as food for the body. It is unwise to overlook the potential of the hills of Cumbria.

■ Westmorland Motorway Services, Tebay Service Area, Orton, Penrith, Cumbria CA16 3SS (01539 626511).

Why London lags behind

Anne Spackman looks at the lack of luxury serviced flats in the capital

In most international cities across the world the serviced apartment is a recognised option on the property menu. There has been an explosion in the market in North America, where occupancy rates are running at 85 per cent.

In south-east Asia, serviced apartments are becoming the established form of accommodation for workers employed on short-term projects. In France, Orton and Citadines are market leaders in the budget sector.

In London, however, this place of the property jigsaw is largely missing. What few serviced apartments exist are operated by small private companies on a one-off basis. Yet the demand from companies and individuals is high. The potential to fill that gap has not gone unnoticed by the big international developers.

When Donald Trump visited London in the summer he was amazed to find no developments like his current International Hotel and Tower in New York, which combines hotel, serviced apartment and residential accommodation on the same

luxury scale. He took a tour around the capital to scout out potential high-rise sites, should he ever decide to export his product across the Atlantic.

Other developers are ahead of him. The first new serviced apartment block to open its doors, two months ago, was Citadines on the Gloucester Road in Kensington. Of 92 apartments, 90 are already occupied. François Nahrac of L'Etoile Properties advised Citadines and is also involved in an Orion development in High Holborn.

He says the French see London as a good market for expansion. "The demand is enormous, as the take-up of this new outlet demonstrates," he says. "In France this is a well-established concept both in fiscal and planning terms. In London it is not organised or branded. We have to start from scratch."

That is easier said than done. The two councils which control most of the prime central London areas - Kensington and Chelsea, and Westminster - are opposed to the creation of short-term accommodation for two reasons: first, their

policy is to encourage permanent homes wherever possible and, secondly, they say short-term tenants do not make good neighbours.

This latter complaint seems to be a hangover from the days of badly-run boarding houses, rather than a reflection on the international business people for

'People expect the same marble bathrooms they find in luxury hotels'

whom developers would like to build. However, with no London-wide authority to decide whether the capital needs to fill this gap in its property sector, it is a question of each development fighting for itself.

Citadines, whose apartments rent out for around £100 a night, had a long battle to secure planning permission. It only got it because the council was desperate to see something done

on a site which was in a poor state and had changed hands several times. With London now such a buoyant development market, opportunities in such good locations are likely to be rare.

The next scheme to open will be the Regent's Plaza development on the edge of Kilburn and Maida Vale in north London. The scheme consists of a hotel with 150 rooms, 50 serviced apartments and 100 privately owned flats. Some of the first residents in the serviced apartments will be the film crew for the movie *Mr. & Mrs. Smith*, which is being shot to the north of London.

The first wave of serviced apartments is most likely to come in non-prime locations such as this. Knight Frank is acting for a number of clients who are looking at sites in the no-man's land between the West End and the City. They are examining a building on the south bank as a potential hotel with serviced apartments on top. Another possible site is the Public Records Office in Chancery Lane.

Knight Frank is very confident about the potential of the luxury serviced apart-

ment market. Its partners are finding the general standard of quality and service in London, particularly in the second-hand apartment market, is far too low for top international customers.

With the exception of Chesham Place and Observatory Gardens, which have sold for up to £750-£800 a square foot, even the newest developments fail to hit the mark. Top quality serviced apartments might mop up some of that demand in the way Trump's new scheme has done in the US.

Richard Crosswaite, of Knight Frank, says: "There is a knock-on effect from the world's best hotels to the residential market. People expect to find the same marble bathrooms, power showers and air-conditioning they find in luxury hotels."

"When they come to London they just cannot believe the run-down appearance of most blocks - the hall carpets are worn out, the porter is asleep - and they are being asked to pay £1m for a short lease. In the US the service is good. In the Far East it is impeccable. London is lagging very far behind the rest of the world."

Koh Boon Hwee, the chief executive of the Singapore-based property company, Liang Court Holdings, also sees the need for London to improve its developments for international customers, who want the same standards and options whether they are in Singapore, Sydney or London.

Through LCR Developments, its London subsidiary, Liang Court is completing the first phase of its first development in London, a hotel and apartment scheme around Stanhope Gardens in Kensington. The apartments have been designed to suit the requirements of south-east Asian investors and international tenants. They are unlikely to sell to domestic buyers.

All the first phase has been pre-sold in south-east Asia. The tenants will be able to use the facilities of the hotel, such as the health club, tennis court and swimming pool and all will share the private garden square.

In south-east Asia, the company has sold some of its serviced apartment developments to investors, who

have then leased back the property for Liang Court to manage. In New York, Donald Trump has taken the idea one step further.

In his International Tower he is selling serviced suites to individuals or corporations who can use them for up to six months a year.

(The time limit is set to avoid the payment of residency taxes.)

The suites share all the hotel's facilities, but have their own entrance and staff. With the hotel due to open in January, 75 per cent of the building is already sold at prices ranging from

\$915,000 to \$8.4m for the apartments and from \$250,000 to \$1,200,000 for the hotel suites.

The tower itself rises 52 floors above the south-west corner of Central Park. It is hard to imagine London's planners approving something similar.

On the Move / Anne Spackman

Exploding an ownership myth

New research into patterns of home ownership in 12 OECD countries explodes the myth that owner-occupation is seen as less desirable in countries outside the UK.

The report, published by the Council of Mortgage Lenders, ranks the UK fifth in the home ownership league table. With 67 per cent of the population owning their own home, the UK is very similar to the US, Canada and Australia, with Finland, Ireland and Spain above. Germany has by far the smallest proportion of owner-occupiers at 38 per cent.

What does mark the UK as different is the age at which house-buying starts. The researchers looked at owner-occupation levels among two household types: type A was a couple in their mid-20s with no children and an average income; type B was a family with two adults in their 40s, two children, and an average income. The UK had the highest proportion of type A owners, at 74 per cent, com-

pared with an average of 40 per cent. Among type B owners the variance was far smaller, suggesting owner-occupation is what most households aspire to. The Netherlands was the only country with less than 70 per cent of type B households in owner-occupation.

The other figure which marks out the UK as unusual is the rate at which it has risen up the home ownership table. It is the only country to have swapped from the group of post-industrialist countries of western Europe with low numbers of home owners just after the second world war to the group of English-speaking countries with high ownership levels.

The report looked at the impact of the tax and subsidy frameworks in each country on its rental and owner occupied sector. It found only a weak link between the size of the private rental sector and the tax framework, but a stronger link between supply-side subsidies to landlords and larger private rental sectors. Whatever the tax and sub-

sidy pattern, it reported that stable middle-aged households in all countries tend to choose owner-occupation.

* Is the UK different? International Comparisons of Tenure Patterns by AJM Freeman, A.E. Holtmans and C.M.E. Whitehead, £20 from the BSA/CML Bookshop, 3 Saville Row, London W1X 1AF.

One of the few new, large houses to come up for sale in London this year is 19 Phillimore Place in Kensington. The double-fronted house, with 7,000 sq ft of freehold property on a predominantly leasehold estate. Built to resemble its 1850s neighbours on the outside, it is distinctly modern in terms of its build structure and services.

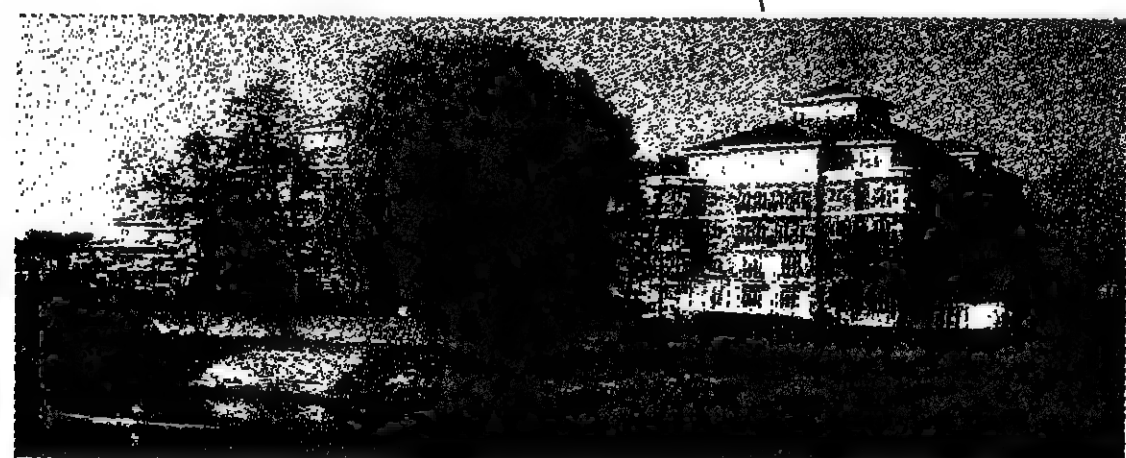
It has a digital security system and provision for 20 switchboard-controlled telephone lines to every room. The house is on four floors, with a playroom, staff accommodation and garage

at garden level, a double drawing room, dining room, kitchen and family room on the ground floor and five main bedroom suites on the two top floors. John D Wood (0171-727 0705) is asking for offers over £5m.

□ □ □ In the racing heartland of Berkshire, Knight Frank and Lane Fox are selling Burley House and stud, five miles outside Newbury. The house was left derelict by the US Army after the war, but the stud was developed by the owners of a neighbouring property. When they died, the house was bought by developers, who have restored its surviving features and created a country house with four main reception rooms, eight bedroom suites and a swimming pool.

The stud has three yards, with a total of 25 loose boxes, groom's accommodation and an indoor riding school. There is also a manager's cottage. The joint agents are asking for offers in excess of £2m.

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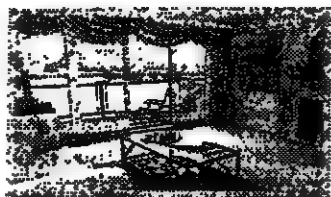
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OUTDOORS

Gardening

Bulb planting against the odds

Robin Lane Fox says it is time to tackle bulbs, despite the rock-hard ground and hungry wildlife

Once again, in England, the ground is as hard as a brick at a time when we ought to be planting most of our bulbs. It is bad practice, however, to delay planting many of the smaller bulbs, except tulips. The only answer is to water the ground for several hours before setting to work with the trowel and bulb planter.

Bitter experience has taught me sensible guidelines and persuaded me not to think about creating instant carpets of colour. Wildlife and the growers between them guarantee a decline - mice and squirrels are sworn enemies of anything with a hint of a crocus about it. All week, I have been watching the bushy-tailed grey creatures swiping the green walnuts off my trees before they are ripe. Plainly, they are in training for the crocus season and will set about anything planted in beds if given a chance.

I disagree wholeheartedly with *Gardener's Question Time* when they give their regular incantation about gardeners and the need to conserve wildlife. But I agree even more with the revered Tom Lehrer and the black humour of his solution for the pigeons in the park. And if only they still marketed cyamides.

I would not even try and hide. I would happily watch mice consume it instead of my best species of crocus.

In beds, the prettiest crocuses are the two superb varieties, Blue Pearl and Cream Beauty. Small groups of a dozen or so are among the loveliest flowers for any garden and if they are happy and pest-free, they will soon multiply into more.

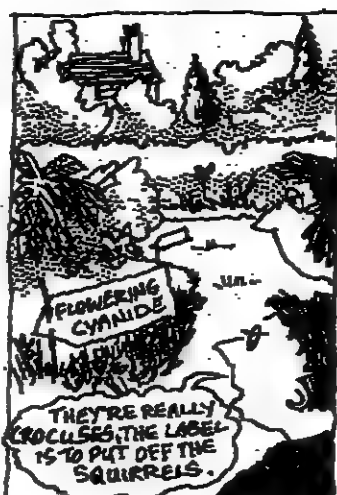
My favourite yellow is the early anemone which bears up to 20 small flowers of brilliant orange on any one cluster. It is coarser than the other two, but marvellous value, even if the mice attack it at the end of the season. None of these crocuses is suitable for naturalising in grass, even in lawns. They die out after one or two years.

In grass, you need stronger varieties and you do not need to imitate the effect of London's Park Lane in spring. Groups of 25 can be spaced out at regular intervals and are almost as

impressive as the great carpets which are maintained on the edge of the London parks.

The conventional wisdom is that the blues and yellows are best kept apart, although each contrasts very neatly with the whites. The best white is Joan of Arc and the usual yellow is Yellow Giant. None of the "blues" is really blue, but I prefer Remembrance which is a soft tone of pale purple and lasts for a long while.

Last year, on German advice, I tried the pale Crocus Vernus Vanguard in beds and in mown grass. It is said to be an excellent spreader and will increase well from seed. It is not the cheapest, but it is certainly extremely pretty and my excavations already show that it is multiplying, particularly along the front line of borders. It also looks enchanting when the sun persuades it to open its pale centre and I recommend it to anyone who is slightly uneasy with the



large, better-known purple Dutch varieties.

What the squirrels leave, the bulb-growers have already torpedoes. You cannot blame them for

sending out tulip bulbs of such size and initial vigour, but this quality is often the result of exceptional cultivation, including the removal of the flowers before they open fully, weakening the bulb for the following year.

We then plant these highly maintained beauties and enjoy them for one or two seasons. The bulbs dwindle, the flowers shrink and eventually we replace them, to the growers' economic benefit. As a result, I am moving away from tulips as my main spring bedding. I have changed over to small narcissi which are a later alternative and much more persistent. They increase, whereas the most beautiful tulips decrease.

The usual view is that yellow daffodils and narcissi look out of place in cultivated flower beds. Certainly, the tall varieties look peculiar, but I am concentrating on the small, early varieties which have the supreme advantage of dying away more quickly

and leaving room for the summer bedding between their dead leaves.

Almost all the best buys are to be found in the small Cyclamen section of lists. I mistrusted them for years because the basic Cyclamineus variety is rather tricky and appears to prefer damp soil. In fact, its cousins are extremely vigorous and are a heavenly sight in small clumps at intervals down any flower bed. They will also compete well with grass and will even flourish in beds at the base of young trees.

The ones to choose first are February Gold, which is not really gold and flowers in March. Jack Snipe which has a primrose-yellow cup and cream petals, Jenny which is almost entirely white and the charming Peeping Tom which multiplies admirably and is a small golden yellow.

February Gold is probably the best value, my other favourite: Tête à Tête which is a butter-yellow, runs a very close second.

It holds several flowers on one stem. Wallace and Barr of Marden, Kent, calls Tête à Tête "one of the best all-round narcissi ever". I certainly could not disagree.

We all know the bother of struggling to plant big double-nosed bulbs of a narcissus in a dry September. The small varieties are much easier and are immensely willing to increase into serious clumps. They have the small delicacy in a flower bed which large varieties such as Carlton and Fortune somehow lack.

After a narcissus has flowered, we are now advised to leave six weeks before we cut back the untidy leaves. These early varieties flower in March and can therefore be out of the way by mid to late May, even in this late season. They can sit in the ground from one year to the next without any bother, sparing you the chore and disappointment of digging up the tulips every single year and finding that they have shrunk by half.

Narcissus are changing my practice and greatly reducing my labour. Tulips are an occasional decoration, not a main crop by the hundred, and the multiplying groups of small narcissi have overtaken the numbers of my previous bad investments.

Skiing

Free pass up the slippery slope

Arnie Wilson on Switzerland's crisis on the peaks

Arnie Wilson, Zermatt's director of tourism, was asked recently if he was worried about the prospect of British skiers abandoning his world-famous resort because it had become so expensive.

In reply, he simply pointed at the mighty Matterhorn, and said: "Why do we need to do anything? We have the Matterhorn. People will always come for the Matterhorn."

But he was wrong. Even though this most stunning and glorious of peaks put the once tiny village of Zermatt on the map, Switzerland is facing a tourism crisis which even the presence of the world's most famous mountain cannot solve. And not every Swiss ski area has a Matterhorn or an Eiger to attract tourists.

According to the Swiss, a recent survey showed that if a free holiday were offered to British holidaymakers, the majority would choose Switzerland. But it is not free and the competition for skiers is fierce and complex, and raises many questions.

Are the Swiss panicking? Will France find a way to win back those skiers that deserted it because of the poor exchange rates caused by the franc's fall?

Will this winter be Italy's last as a best-value destination as a stronger lira and hiked-up prices make it less attractive?

And is Austria, which has also suffered a serious downturn in tourism, but which has largely resisted the temptation to increase prices, ready to reclaim the clients it lost to the Italians?

Slovenia, which continued to offer skiing holidays and maintain a national ski team even when its neighbouring

states were plunged into war, could strengthen its position as a winter-holiday destination now that peace is spreading in former Yugoslavia.

And the US and Canada might continue its clientelist and make an even more dramatic impact on the ski market.

A few days ago the Swiss took a handful of specialist tour operators and ski writers to the Jungfrau region to discuss the real crisis being caused by absentee British holidaymakers. Front page headlines of British newspapers, being handed out on our Air England flight from London's City Airport probably did not help in their references to gold looted by the Nazis, with headlines such as "Shame Of The Swiss".

Nick Ridge of the Hertfordshire-based Swiss Travel Service summed up the feelings of British tour operators when he said: "It's no secret that we've been a bit depressed over the last three years. But we really do think the downward spiral has reached the bottom and we will all claw our way back."

Discussions revolved around a theme summarised by the phrase "We have to act". And the first region to act has been the Jungfrau - hence our visit.

It felt a little as if we were being escorted on a secret mission: our train tunnelled dramatically through the north face of the Eiger before we filed into what must be one of the world's highest conference rooms (no windows) at the "Top of Europe", above Europe's highest railway station at the celebrated Jungfraujoch. Press releases were handed out like sealed orders.

Urs Eberhard, the amiable

London director of Switzerland Tourism, seemed grateful that we had journeyed to the Bernese Oberland to listen to his problems.

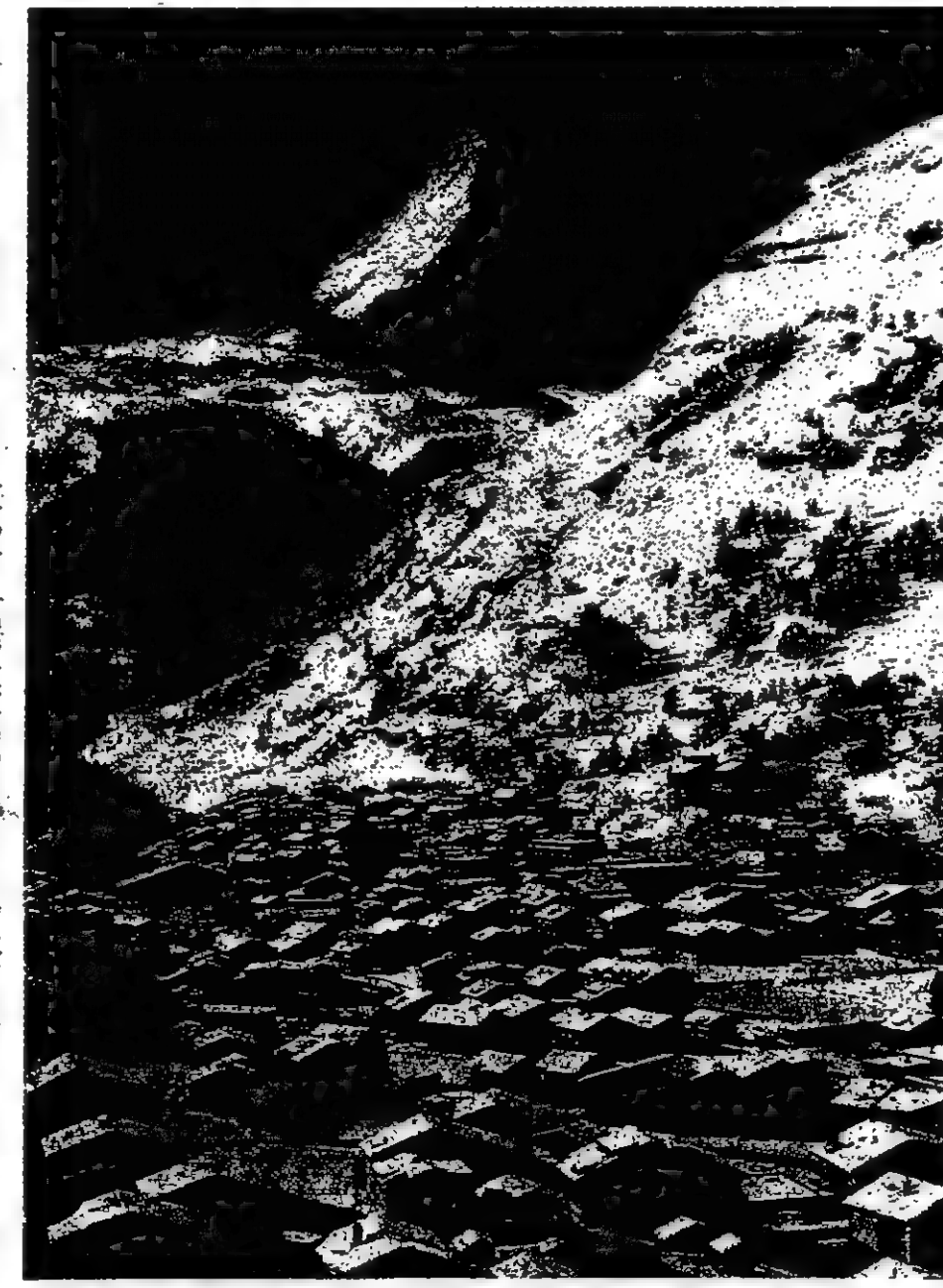
Unlike his predecessor, Eberhard has been going cap-in-hand to various Swiss cantons - quite common in other countries but almost unheard of in Switzerland - asking for the unprecedented: help me woo back the British.

"The Jungfrau region is the only area in Switzerland listening to me at the moment," he said. This is hardly surprising since its resorts, traditionally one of the main British strongholds, lost 27.5 per cent of their British overnight stays last winter. Yet the British, with their Down Hill Only and Kandahar ski clubs, virtually invented downhill skiing in the Jungfrau region.

"But now something's cooking," Eberhard continued. "I hope the attitude here in the Jungfrau region sends a signal to other Swiss regions to come up with their own deals."

The resorts of Wengen, Grindelwald, Mürren and Interlaken have offered British tour operators £100,000 worth of deals in an attempt to lure skiers back to the slopes. In turn, the operators, with the help of Swissair and the Jungfrau Railway, both eager to reclaim lost ski passengers, have translated this sum into £250,000 worth of reductions in lower hotel prices, lower air-fares, free ski passes and "added value".

Now, other Swiss ski areas seem to be getting the message. Verbiir has reduced its overall prices and created a new, cheaper lift pass just for the local slopes. And even Zermatt, in spite of the undoubted pulling-power of



Zermatt: the mighty Matterhorn alone cannot bring in the tourists year after year. Other contributors/Reuters

the Matterhorn, is giving free ski passes to children aged up to nine years.

"Switzerland is perceived to be expensive," said Eberhard. "I am not denying it, but Switzerland compares very favourably with its neighbouring countries. People seem to think that because France has become expensive, Switzerland must have become even more expensive. But this isn't so."

"Short of devaluing the Swiss franc, there are not many options. But we realise that we cannot afford to be complacent. So we looked for imaginative solutions which will make a Swiss holiday

truly memorable without breaking the bank."

Thus in the Jungfrau region, the Swiss Travel Service is able to offer a week's skiing for children and teenagers for £230, including flight, half-board, a six-day lift ticket and ski and boot hire - providing the child shares a room with two adults.

Ski Thomson is offering reductions for bed and breakfast clients at two Jungfrau region hotels: the Hotel Derby in Grindelwald and the Hotel Wengisch in Wengen.

Similarly, Inghams is mounting a radio campaign

promoting Swiss resorts, and Powder Byrnie is offering free lift tickets to skiers who book for Grindelwald before November, and reductions at one of its Grindelwald hotels in January.

At Wengen, Crystal Holidays is offering reductions in chalet holidays as well as free equipment hire for children and reductions in lift-pass prices, and Plus Travel is offering one free lift pass for every couple who ski in the Jungfrau region during the second and third week of January.

Is Switzerland panicking? Or taking sensible precautions?

Fishing/Tom Fort

Crickets, worms and French trout

I have a slightly troubled conscience. Not about the worms, for they can be regarded as a legitimate weapon; but about the cricket (not the one Geoffrey Boycott pronounced so deliciously, but the hopping, leg-rubbing variety). I do, however, plead mitigating circumstances.

While on holiday in the French Pyrenees with, among others, one of the more assiduous readers of this column's meanderings, I came in for some severe criticism. That the critic should be my brother, live in a distant land, and know nothing whatever about fishing does not protect me from his sometimes wounding words.

His theme was that I dwell too much on failure and incompetence. He argued that readers want to hear of great coups and dazzling ingenuity, that they like to look up to the writer, rather than find him occupying the same mediocre terrain as themselves. I said this was rubbish. And after this holiday I still say it is rubbish.

Our holiday house was situated high in a valley, a few miles from the Spanish border. The hills were steep, clad in thick woods of beech, birch and fir, with pastures above where the sheep nibbled. Bells clanged at unearthly hours as tawny cattle roamed through the bracken outside our windows. Most days cloud clung to the slopes. There was much rain, and the air was filled with the sound of wister.

It was one of those holidays which, owing to the clamorous demands of children, was as hard work as work itself. It was also difficult to steal time for fishing. But there was a most alluring mountain river 100 yards away, and a rod had somehow managed to insinuate itself into the luggage, and I did have my reputation as a slayer of fishes to consider.

I had fished in these parts before and had reason to believe that there should be trout in the river. The only creatures for whose existence I had firm, early evidence, however, were newts and tadpoles. This was based on trips by my very small nephew who went frequently to commune with them. But a fisherman cannot fish for newts, for they are not fish - and anyway I had no information on what they eat. So trout it had to be.

I had already seen a good head of anglers prowling up and down the stream. From their demeanour and tackle, I deduced they were using bait - caterpillars, worms and the like. But the water was crystal clear and I reasoned that even though the trout were French trout, they should take the fly.

So I went fly-fishing, or attempted to. The water was much more enclosed by trees than I had anticipated, and I hooked and lost some good branches. The water was also much deeper than I looked, and very cold, so I suffered in my extremities. There were a number of tangles too, and no trout. When I returned to base, questions received concise answers of a negative persuasion.

I decided that the trout of the Lourdes must have been corrupted away from the fly. In pursuit of success, I should follow the natives. By offering children a bounty of one franc per worm, I assembled a wriggling bunch of adequate size (my daughter, I am afraid to say, claimed two francs for a worm which had been divided into two, and was rebuked).

But it turned out the trout did not want worms either. And so we arrive at the matter of the cricket. By this stage I had come to the view that there were very few fish left in the river.

But there was a deep, calm pool where there was an undesirable shoal, swimming around with an impudent air of untouchability. The fly was impossible in such a place, and they must have seen a million wriggling objects, for the spot was pretty public.

But I had a strategy. It

The plan proved to be flawed. The cricket danced and scuttled and was ignored

was inspired by a wonderful scramble up the side of a neighbouring valley, on one of our few days of decent sunshine. High in the blue sky wheeled a remarkable congregation of eagles, kites and buzzards. Just above the meadows, the air shimmered with butterflies, while the grass itself thrived with hordes of crickets and hoppers.

We captured some crickets and put them in a jar. Later I was poised precariously atop a great rock overlooking the trout pool. I had it in my head that a tempting cricket lowered on to the heads of the trout from an invisible quarter would entice these world-weary fish. A squad of children were there to see the theory put to the test.

The plan proved to be flawed. The cricket danced and scuttled and was ignored. The children became disgusted, and left. I got hot, bothered, and lacerated by brambles. Some of the surviving crickets escaped in the house, bringing abuse on my head. I did no more fishing, turning instead to hunting mushrooms which were more reliable than the trout.

Despite the abundance of rain, paucity of sun, and complete want of trout, despite an oven which did not work and a washing machine which was not, despite the hellish racket made by children playing Racing Demon, despite the slaving and the appalling cost of things in France (or perhaps because of them) it was a proper holiday.

If I go back, I think I shall leave my fishing rod behind. Either that, or... I wonder what newts do eat?

Motoring/Stuart Marshall

Better second time around



Little things count in the new British-made Nissan Primera

QX executive car. It ensures the rear wheels always stay vertical and the tyre treads flat on the road.

Much of Primera's development was carried out at the Nurburgring, on German autobahnen, French alpine passes and the B-roads of Kent. Clearly, the lessons were well learned. On rough surfaces the Primera is unusually tranquil.

There are four-door saloon or five-door hatchback bodies to choose from, five trim levels and three power units. Two of them - a 1.6-litre, 100 horsepower and 2.0-litre, 130 horsepower - are multi-valve petrol engines, the third a turbocharged 2.0-litre, 90 horsepower diesel. Realistically achievable average fuel consumptions range from 35.8mpg (7.9/100km) for the petrol 2.0-litre, to 42.2mpg (6.7/100km) for the turbo-diesel. The 1.6-litre petrol engine Primera runs the diesel very close with 40.9mpg (6.9/100km) which, Nissan claims, makes

it even more economical than another noted fuel miser, the 1.6-litre lean burn engine Toyota Corolla E. So far, I have driven only a five-door turbo-diesel. It proved to be a good motorway car, cruising quietly at business motoring speeds.

Overall gearing is high enough to make fourth a better choice than fifth below 30mph/50kph. Pick-up in this gear between 35-50mph (55-105kph) was satisfyingly strong, the turbo producing

extra pulling power with undramatic ease.

Shift quality of the Primera's five-speed gearbox is as good as any in its class; a four-speed automatic transmission is an extra cost option only on the 2.0-litre petrol models. All have power-assisted steering and anti-lock brakes. Air conditioning is standard only on the most posh Primera SE but can be factory fitted to any GX and SLX version provided the sunroof is deleted.

The heating/ventilation system will supply face-level cool air while warm air is delivered to the feet and side windows. Surprisingly, a passenger airbag is only optional equipment through-out the range.

Nissan describes Primera's styling as sleek, sporty, intelligent and solid. I find it agreeable but unremarkable.

Cars are often more than just the sum of their parts; it is the care that goes into the little things that counts. The Primera is one of those cars you feel comfortable with straight away because the tilt-adjustable steering wheel, pedals and driving seat are exactly on the same centre line and all switches are within 40 degrees of a driver's line of sight.

The high-mounted radio is easy to work. As all its electronics are built into the car, pinching the visible bit with the buttons is pointless. Nissan has a pet thief-cum-security consultant (reformed, it is to be hoped) who keeps up

to date by getting young criminals to tell him about their latest techniques. The Primera's audio interacts with the security devices. These include an engine immobiliser and "Superlocking" system which disables interior handles, preventing a thief from opening a door even if the window is broken.

Interior space is quite generous, front and back, and the boot swallowed two sets of golf clubs and two trolleys - one of them electric - with room to spare.

Prices of the new Primera will not be announced until shortly before it goes on sale in mid-October. Nissan is keen to get it on the company fleet buyers' shopping lists.

So, although the new Primera is in every way a better car than the old one, prices are unlikely to be significantly higher, if at all. This suggests an Equation 1.6-litre entry model will be less than £14,000 and a flagship 2.0-litre SE about £18,000.

A sporty GT will join the range early next year but Nissan has not yet made up its mind if there is going to be a Primera estate.

SPORT

Yachting

Ordinary people take up the challenge again

Keith Wheatley on the relatively inexperienced sailors ready to embark on a year-long race around the world

On Sunday, several hundred adventurous and apprehensive "yachties" leave Portsmouth and the calm waters of the Solent behind to spend nearly a year racing around the world. Ahead of them lie the tropical heat of the doldrums, the storms of Cape Horn and personal challenges such as they have hardly imagined.

Captains of industry will turn out to be complaining wimps, nursery-school teachers foredeck heroes. Or so it proved four years ago. British yachtsman and entrepreneur Chay Blyth devised an event that had would-be competitors queuing up to part with nearly £20,000 and leave their workaday jobs and lives behind, proving his theory that ordinary people have an unshakeable thirst for adventure and the sea.

Renamed the BT Global Challenge (after its new sponsor) the competition has attracted even more interest than its forerunner, the British Steel Challenge. Most of the crew-volunteers, as Blyth terms his clients, are people who were too late to get berths on the first race and waited patiently, cheques in hand, for the next chance. Blyth even had to tell a number of gluttons for punishment, veterans of 1992-1993, that they could not go around again.

Blyth's group has built five new yachts for this year's race, making a total fleet of 14 plus a training boat. Safety and performance considerations (the need for a level playing field) meant that each of the original yachts was stripped virtually to a bare steel hull and re-equipped with new masts, deck gear and engines.

The exercise cost "a small fortune" according to Blyth, although he says with some pride

that they managed to sell on items such as second-hand water-makers and 85ft masts to cost-conscious sailors all over the world. Staff say that no outsider could tell the difference between old and new boats.

Nevertheless, the existence of two groups of boats has created tough decisions for the four skippers who took part in the first race. Like all sailors they develop sentimental attachments to past commands. Yet as racers, they instinctively want the newest

The Time & Tide yacht is crewed entirely by people with serious physical problems

equipment.

None felt the dilemma more keenly than Mike Golding, at the helm of Group 4. In 1992, Golding was a Reading fire officer about to set off on his first circumnavigation. Since then he has also set a solo round-the-world record in the same yacht.

"This is the same boat," said Golding as stores were loaded aboard Group 4 in Southampton's Ocean Village marina last week. "I'm taking it round for the third time now. It was a fairly big question in my mind as to whether having a new boat would make any difference to our chances of winning."

"Naturally the Challenge Business assured us that it wouldn't. Everything I saw in Devonport

dockyard during the refits bore that out but it would have been a terrible experience to have chosen a new one and then been beaten by our old boat."

"From my point of view it's nicer to be on the original boat. I know pretty much everything that has happened to her since she first went in the water five years ago."

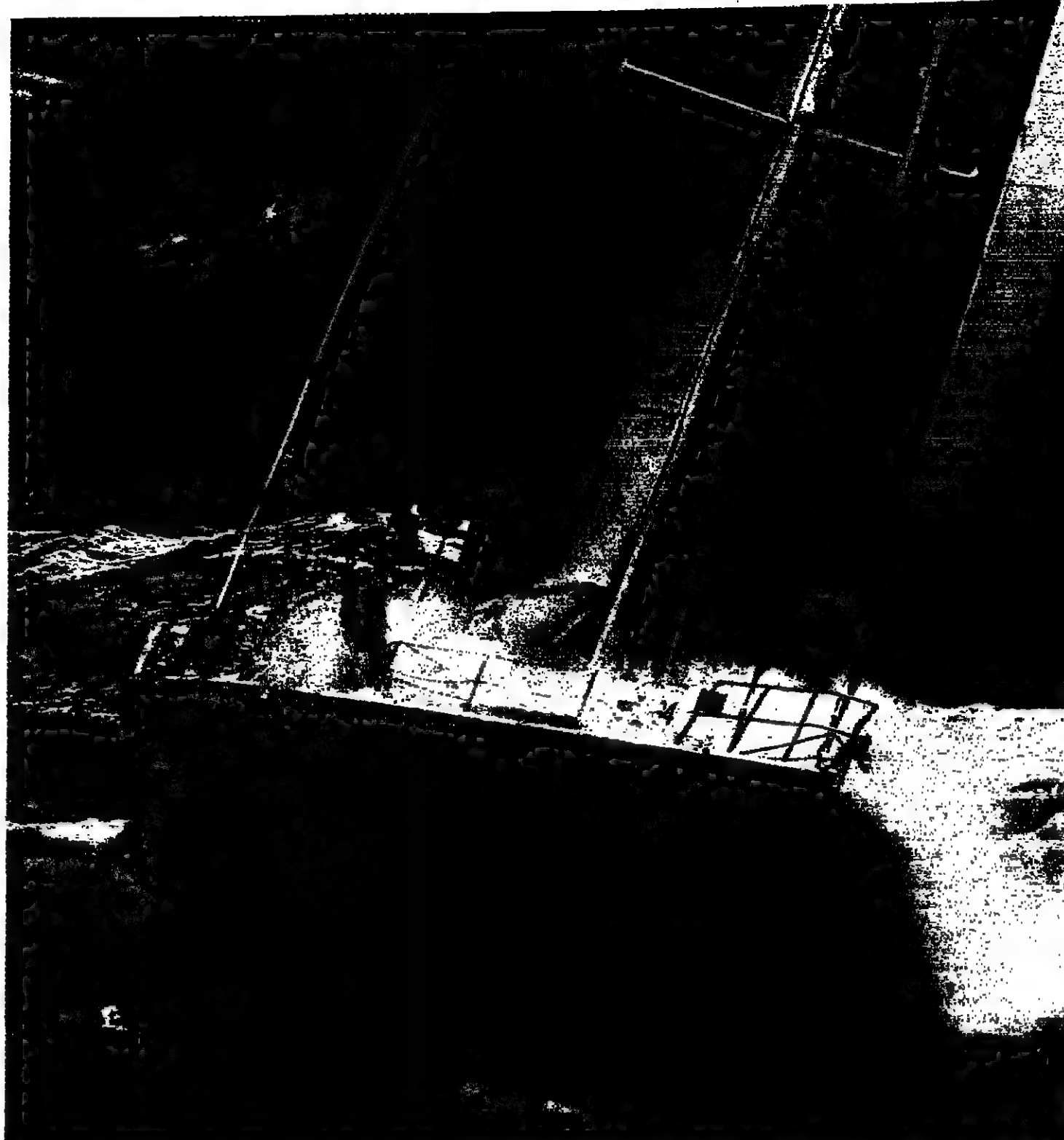
If Golding's boat has not changed, much else about the Challenge has. Four years ago there was a question mark over the whole event. Could teams of relatively inexperienced sailors take big racing yachts down to the extremes of the Southern Ocean and return in one piece, let alone stage some kind of sporting contest while they were away?

That question was answered in spades. The racing was close, the adventures compelling and no one drowned (save the unfortunate Bill Vincent who took his own life off West Africa). This time, says Blyth, skippers and crews know the voyage is possible so it is going to be more of a race.

"They have so much confidence in the strength of the yachts that they drive them to within an inch of the wall. But there is a limit," he says.

The idea of disabled sailors racing around the world would not have been contemplated in 1992 but in this race the Time & Tide yacht is crewed entirely by people with serious physical problems. They include three amputees, a bowman who is deaf and dumb and two others who have cerebral palsy.

"I've just taken delivery of a titanium artificial leg, built in Germany especially for the voyage," says Greg Williams, a 38-year-old former Guardsman who lost his leg in a road accident 12



'Yachties' developing a thirst for the challenges of the sea come from many professions, including captains of industry and school teachers

Mark Pepper

years ago. "It cost £3,000 and I'm told it's the most high-tech available."

Williams and his crew-mates are learning sign language but he says: "It's not such a problem as you'd imagine. You can never

hear anything on the bow of a 67ft boat anyway," he laughs.

The skipper is James Hatfield, a hole-in-the-heart sailor who was nominated Yachtsman of the Year for his own solo circumnavigation a decade ago. "Sailing has

given me the world and transformed me from the person I was to the person I am," Hatfield remarks.

When asked about the disabilities of his crew and whether they will be up to the physical

demands of the 30,000 mile race (which includes stopovers in Rio de Janeiro, Wellington, Sydney, Cape Town and Boston), Hatfield says that he never notices what they cannot do, just what they can do.

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Soccer

'Boro's midfield 'fighter'

Emerson Moises Costa has guts, grit and skill, says John Perlman

Middlesbrough's Brazilian midfielder Emerson probably did not spend Saturday night flipping through the programme from that afternoon's match against Arsenal.

If he had, page five might have prompted him into a rather wry smile. Interviewed in the "Boro News" section, team mate Robbie Mustoe was full of praise for his gifted midfield partner.

"He's an exceptional tackler who uses the ball very well too," he said. But then noted that "perhaps he'll take time to learn about the discipline in the English game".

After a match in which Middlesbrough's British defenders gave away two goals to Arsenal and practically begged them to stick away a few more, Emerson might just have wondered who had most to learn about what.

Since arriving at the Riverside Stadium in May, Emerson has speedily settled the "tough-enough" question. In fact, top-flight footballers in Brazil play an exhausting season of matches, and must learn to look after themselves in a league where the physical and the brutal can often blur.

Emerson, 24, served his apprenticeship in that world, playing for Flamengo and then Curitiba in Brazil before moving to Portugal. Bobby Robson, former manager of Portuguese champions FC Porto, where Emerson became a key man, rated him "the best defensive midfielder in Portugal".

So Middlesbrough manager Bryan Robson knew what he was getting when he paid Porto £4m for Emerson Moises Costa, thus bringing a third Brazilian to Twickenham.

Bryan Robson stressed what the Brazilian might do for his team: "He can dictate the pace of the game, he is a strong tackler and a very good passer." In the opening weeks of the season, Emerson has done all those things.

In spite of some of his team mates having had no real idea of who was joining



Emerson: an all-important piece in Bryan Robson's jigsaw

Alastair

them at the Riverside stadium - "I hadn't heard of him before," said defender Derek Whyte - Emerson has quickly convinced them that he has the muscle to carve out some space and respect in the English game.

One team mate described him "as the strongest man I've ever met". They have also been thrilled by his skill. "I'm just enjoying playing with him," says striker Nicky Barnby, whose £5m signing from Tottenham at the start of last season signalled the start of the spending that secured Emerson.

Against Arsenal, as in earlier games, most of Middlesbrough's moves started with Emerson. Even on a difficult day he displayed enough wit on the ball, pace in the run and steel in the tackle to show why he has had such rave reviews. Invariably, the instinctive target of his efforts - a long ball to the flanks, or a shorter pass fol-

lowed by a dart into space for the return - was the Middlesbrough number 10, Juninho.

The first of Middlesbrough's Brazilians and a rising star signed in the face of Italian competition, Juninho arrived last October to a welcome from 10,000 fans. But as Robson's team stumbled after a promising start, then went into a tailspin of eight successive defeats that took them within sight of the relegation zone, it became clear that Juninho needed an on-field interpreter.

So Branco, veteran of three world cups, was signed in March to "feed the ball to Juninho further forward", as Robson put it.

With just seven appearances for Middlesbrough since then, Branco does not seem to be the man for the job. Emerson, though never capped by his country, almost certainly is: Juninho scored twice last season;

over the past month he has scored four times.

Bryan Robson described Emerson as "the next piece in the jigsaw" when he signed him. But Arsenal's comfortable win last week suggests that success is probably going to be more complicated. At the start of the season Robson said qualifying for Europe next year was one of the club's goals for 1996-1997 - a goal never before achieved.

The team looked on course for European qualification in October last season, but a freefall at the start of this year saw the team finish 30 points short of a European qualifying place and just five points from relegation. One home defeat hardly equals a crisis, but Middlesbrough's defence looked very rickety indeed and the team has a couple of away fixtures coming up that have the look of dogfight about them. They play Southampton today, then travel to Sunderland a fortnight later.

Looking ahead, there are tough trips to Newcastle, Derby and Aston Villa, all of which build up to a home meeting with Manchester United on November 23, the team that has set the standard. The last time they met, back in May, United won easily to clinch the title. Ten days later, Robson invited the fans back to the club's £16m stadium to introduce them to Emerson, to make it clear that the bid to reach the heights was being renewed afresh.

Getting there, of course, requires grit and guts and, yes, discipline too. And if the last of these is found wanting, the highly paid, extravagantly skilled foreigner who learned his football under the warm sun, is unlikely to be the culprit.

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BOOKS

It's high noon in the Wild West

Cowboys and their culture are thriving in the electronic age, writes Michael Thompson-Noel

What are the 10 best classic cowboy films of all time? What is, or was, "goat meat"? Who, or what, was Ring Eye? And what, or who, was Yellow Belly? Well, partners, the Yellow Belly, also known as Yellow Boy, was a Winchester rifle, so named because of its brassy colour. Ring Eye was the horse ridden by comic sidekick Smiley Burnette in a number of western B-movies. Among North American cowboys, "goat meat" was a colloquial term for venison killed out of season.

And the 10 best classic cowboy films of all time, according to the author of this encyclopedia, include *Stagecoach*, *High Noon*, *Lonesome*, *the Brute*, *Butch Cassidy and the Sundance Kid* and Clint Eastwood's *Unforgiven* of 1992.

Perhaps the inclusion in the list of a revisionist and satirical film like *Unforgiven* will make some folk bridle. But then Richard W. Slatta is entitled to his opinion. Not only does he define what he means by a classic cowboy film, but it is unlikely that anyone alive has given as much thought to cowboy films - or to cowboy matters in all their variety - as Slatta, who is a history professor, author of the well-regarded *Cowboys of the Americas* and now compiler of this entertaining and wide-ranging guide to the history of the cowboy. In fact, there is almost nothing about cowboys and cowboy life that Slatta does not know. As a result, *The Cowboy Encyclopedia*, which combines dictionary definitions and biographical entries with more than 400 short essays on all aspects of cowboy history, culture and myth, has won prizes in America for its excellence as a reference book. The bibliography alone

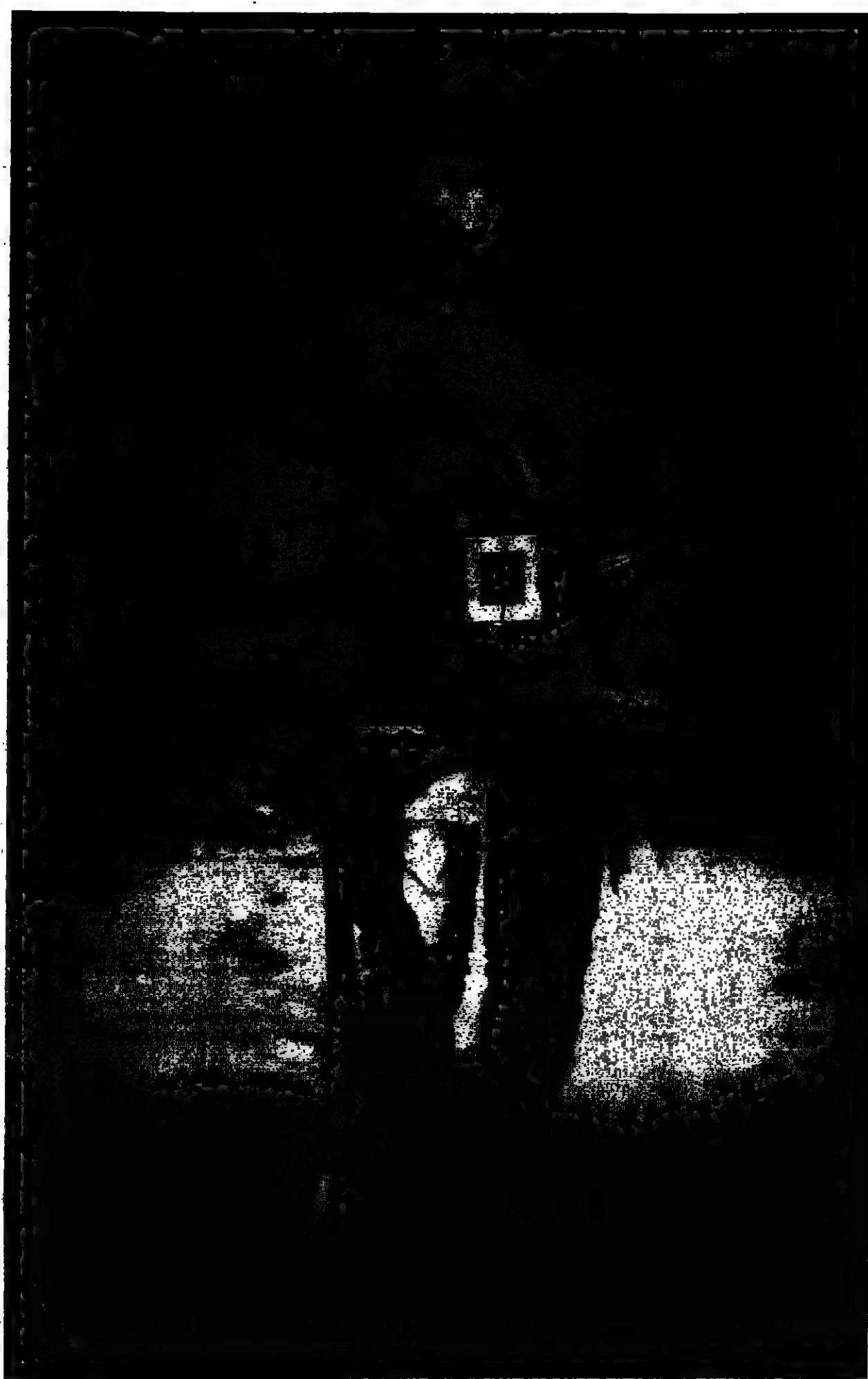
runs to 27 pages, but what is equally impressive is the range of electronic information sources - including online encyclopedias - Slatta says he consulted in the preparation of this work, in addition to conventional archival and other library sources.

In short, far from disappearing because of competition from electronic reference works, printed reference books - of which dictionaries, encyclopedias and cookery books are three good examples - are themselves getting better and more sophisticated as their authors tap into the immense data-cloud of cyberspace.

About two-thirds of *The Cowboy Encyclopedia* focuses on the American west. The remainder covers Canada and South America. One of his goals, says Slatta, was to refute generations of pundits who have declared the cowboy dead or dying. Some aspects of cowboy life have certainly changed, he says, but cowboys and their culture are alive and well in the US, Canada and Latin America, as a visit to any of the hundreds of cowboy song-fests, poetry gatherings, chuck wagon cookoffs, rodeos and other cowboy happenings attests.

Even in Britain, cowboy line-dancing is now a big fad, having been transported from America to Britain initially (I believe I have got this right) by metropolitan gay AA groups, which know a good thing when they see it. For them and for urban cowboys everywhere, Slatta's enlightening encyclopedia is well high indispensable.

THE COWBOY ENCYCLOPEDIA
by Richard W. Slatta
W. W. Norton £12.95, 476 pages



A role model for urban cowboys everywhere: Colonel W.F. Cody, "Buffalo Bill", wrangler, gold-pro prospector, ranch hand and army scout turned Wild West entertainer. Pictured in "The West" an illustrated history by Geoffrey Ward (Waldenfield & Nicholson £20, 448 pages)

Fairy home companion

Steve Gunderson is straight out of *Prairie Home Companion*. Garrison Keillor's weekly radio celebration of the Middle West of Lake Wobegon. An eight-term Republican congressman from a largely rural Wisconsin district, Gunderson is content to explain his extreme personal reticence simply as "a Norwegian thing".

He is a man of few words and even less publicly revealed passion. For most of his tenure, Gunderson devoted himself to milk prices, and that suited his farming constituents fine. That mundane existence ended dramatically in 1994 when Robert Dornan, Gunderson's party colleague, savaged him in the House of Representatives and emerged to tell reporters: "We've got a homo in our midst in the Republican party... we have a moral obligation to expose them and destroy them." Gunderson found his image transformed, at a stroke, from dairy home companion to fairy home companion.

Dornan, congressman from California's Orange County with a loose-cannon reputation for gay baiting, was reprimanded by the party leadership for the personal nature of his attack. But Gunderson had to wonder how much of that initial support was because Dornan had broken the code. How many colleagues privately expressed the same views, in more civil language?

Gunderson won re-election in 1994 in spite of a vicious campaign in his district by the religious right. But he is retiring after his current term to keep a promise made at the last election.

Gunderson and Rob Morris - his partner of 13 years - have now reconstructed the Congressman's slow journey into self-awareness and out of the closet. Their book goes directly to the heart of the question of same-sex marriage, the issue that has mobilised the religious right this year.

It is no wonder that Gunderson calls the right. His tributes to the central importance to his life of his family and his Lutheran faith ring of deep-rooted conviction, not lip service to win votes. He is unwilling to concede one iota of the "family values" argument.

The more ebullient Morris makes a welcome foil for a laconic and even priggish Gunderson. In an early contretemps when Morris despatched of cracking Gunderson's shell, he moved all his furniture out of a house they were sharing and left a note on the piano: "I give up. Sleep with the farm bill instead."

Over the years, Morris's counsel helped Gunderson to cope with the stresses of his rise within the House Republican leadership. Although from a more moderate strain of the party, Gunderson's wagon was firmly hitched to Newt Gingrich, who he describes as "the closest thing I have to an older brother in politics."

Gunderson credits Gingrich with signalling early and often that his sexual orientation - widely known within Congress long before the Dornan episode - would not be a barrier within the party. Yet Gingrich signed a letter which described a meeting between a member

HOUSE AND HOME
by Steve Gunderson and Rob Morris, with Bruce Bawer
Dutton, £24.95, 227 pages

of President George Bush's cabinet and gay lobbyists as "a slap in the face to every voter who affirms the traditional family." Confronted by Gunderson, Gingrich said: "I just didn't look closely at that letter and shouldn't have signed it and I'm sorry about it."

The rather lame excuse left Gunderson wondering whether Gingrich was having it both ways, but he gave his hero the benefit of the doubt, as he did to Robert Dole, after a similar slight.

Gunderson's party loyalty, however, has been repaid with vilification. Few of his Republican colleagues stood up to defend him against the religious right. He was the only House Republican to vote against the Defence of Marriage Act, which enables states to refuse to recognise same-sex marriages licensed in another.

This underlines the practical limits to efforts by Gunderson to win acceptance in the mainstream. If Gunderson's example - it is hard to imagine a "straighter" person of any orientation - fails to persuade, it is hard to see whose will.

Clay Harris

Turbulent times for a political dynasty

George Kassimeris on a collection of stories, part fact, part fiction, which chronicles the troubled history of modern Greece

In the opening pages of this book the young narrator, Alex, who is also Nick Papandreou himself, says: "Politics is an enemy to the family, an opposing force: at some point love, no matter how strong, hides and cowers in the corner while politics, hot, naked and sweating, moves in like a Minotaur".

It is a sentence very characteristic of the author whose life changes more abruptly at the age of eight when his father Andreas, despite a formidable academic reputation, takes his American wife and four children from California to Greece to pursue a political career.

Father Dancing is several things at once: it is a collection of stories about individual self-discovery, a boy's account of growing up in the Greece of the mid-1960s, a family chronicle of a political dynasty, and a portrait of a people trapped in a claustrophobic society, divided into first-class and third-class citizens.

These 16 sensitively written stories are set against one of the most turbulent

and traumatic periods of Greece's recent political history, from the chaotic 1966 up until the collapse of the Colonels' regime and the difficult transition to democracy in 1976.

The publishers' claim on the dustjacket, that the book is an "unreliable memoir" and therefore not intended to be read as a straight autobiographical work, would make it bizarre but acceptable if it was presented as a novel. But it is not.

True, the book's characters, both fictional and historical, do mingle with each other throughout the text and at times fact and fiction are so skilfully interwoven that one is not entirely sure where one ends and the

other begins. Yet although Papandreou never says it outright, this present book - his first - is more a work of life than a work of fiction.

FATHER DANCING: AN INVENTED MEMOIR
by Nick Papandreou
Viking £16, 179 pages

The book begins with brilliantly simple sentences which move towards complicated sentiments. In the memorable opening story entitled "A Crowded Heart", Papandreou tells us what it was like for a shy Californian boy to be caught between two deeply incompatible worlds. "When I told

my American grandfather about the evil eye, he washed my mouth with soap because I was speaking nonsense. When I told my Greek grandfather, he spat on my forehead and told me not to look anyone in the eye for 36 hours."

The years that followed, however, were far more dismal and challenging. Life under the Colonels became absolute hell for the family. Andreas was arrested and thrown into prison for months and it seems that only his international reputation saved him.

Then there was exile, first in Sweden and then Canada. The author gives us a brief but moving description of the early hours of April 21,

1967, the night of the coup, when a dozen soldiers stormed with fanatical enthusiasm into their house to arrest his father.

Of that episode, which Papandreou seems to remember with complete vividness, he writes: "That night weakened our family's centrifugal gravity, loosened the orbits. My sister turned inward and grew less talkative, while my older brother blamed himself for his father's arrest and hurried into politics like a Minotaur dancer. My youngest brother barricaded himself behind a deceptive smile, and I had recurring dreams of being strangled by the fanatic officers."

In Canada, as the years

passed, every member of the family grew stronger in the new environment except the father. In exile, Andreas was racked with guilt and a sense of loss and felt unable to fulfil his political potential. He became the orator-in-chief of the anti-junta struggle, frenetically campaigning around the world against the dictators.

When Nick Papandreou writes about his father he writes with a painful and vivid exactness. Andreas Papandreou emerges in these pages as the type of man who was always ready to give up his family in order to have time for what really mattered to him.

"My childhood memories of my father are of a man at a distance. I don't recall the smell of his shaving lotion, the shape of his hands, or the way he wore his hat. Instead I see him being carried on the shoulders of Greek villagers, I see his solitary form on a balcony, I see him surrounded by crowds, lost in their embrace."

Father Dancing is an absorbing book, and a brave one.

education, put an independent body appointed by the Queen in charge of the national curriculum (limiting its scope to the three Rs and history), and scrap all teacher training colleges.

Would that really make matters better? The teaching profession has had to cope with so much change already: more of the same would only further distract it from what everyone believes it should be doing, which is to teach.

There is a startling omission in Phillips' reactionary diatribe. One of the most important changes to the condition of the modern child is the fact that their mothers now work. In 344 pages Phillips does not mention this fact once. Might it be that as a full-time working mother herself, the fearless polemicist does not dare to open this can of worms?

And so what is to be done? "We need to put back as much authority and as many solid structures as we can," she says and then talks vaguely about "shoring up institutions like Parliament and the Monarchy".

More precisely she wants to bring back grammar schools, improve vocational

Teachers' knuckles rapped

But this harangue will not benefit education, argues Lucy Kellaway

Batman comics are more relevant than Chaucer.

In *All Must Have Prizes*, Melanie Phillips lays into the British educational system, finding not one thing to admire, not one change to be thankful for. The book sets out to be controversial, yet most readers are likely to be left puzzled: even the most traditionally-minded teacher or parent will find it hard to recognise British schools from her account. While it is true that Phillips' beloved *phonics* has fallen from favour as the sole way of teaching reading, that does not mean schools have abandoned teaching reading at all.

There is a discussion to be had about techniques of teaching, but this type of harangue, with its dubious statistics and one-sided quotes, is not the way to begin it. Phillips needlessly polarises the debate: education can (and in many cases, does) do many things simultaneously. It can encourage creativity as well as teach rules and principles.

She argues that we came to be in this sorry state thanks to loony leftists in the Department of Education acting in cahoots with teachers and university professors. The national curriculum, which was meant to change the status quo, was hijacked by this corrupt

educational establishment with the result that the status quo has been reinforced.

In the most bizarre chapter

ALL MUST HAVE PRIZES
by Melanie Phillips
Little, Brown £17.50, 288 pages

of all, Phillips traces the decline in moral standards back to the Enlightenment, pointing the finger at historical figures including John Stuart Mill, Rousseau, Bertrand Russell, Freud and Darwin.

Just as blame-worthy are parents. They are indifferent to and neglect their off-

spring. They are so keen on promoting their own freedom and individuality that they no longer understand what commitment means. Thus divorce and single parent families abound, and instead of society punishing these anti-social beings, it supports them, or at any rate withholds judgment.

And so what is to be done? "We need to put back as much authority and as many solid structures as we can," she says and then talks vaguely about "shoring up institutions like Parliament and the Monarchy".

More precisely she wants to bring back grammar schools, improve vocational

Crime/J.D.F. Jones

The underbelly of Regents Park

Ruth Rendell's new crime story - no, her new and entirely serious novel - is above all a portrait of one of London's "villages": Regents Park and the streets of its vicinity. NW1. This picture is painted with extraordinary skill and with the most precise and evocative detail.

The Keys to the Street brings together the tangle of paths through the park itself, the zoo, the mosque, the Nash terraces, the intellectuals' enclave in Gloucester Crescent, the wretched council flats of Somers Town, the drunks of the Arlington House hostel, the London Business School, the unending traffic in Camden High Street, and - at the heart of the tale - the street people, the dropouts, the dossers, who at night-time evade the Royal Parks police to sleep out under the bushes and on the benches.

To the tourist on a sunny day Regents Park must appear the most manicured and safe of London's recreational "lungs", but in Rendell's vision there is menace there even before the bodies start to be impaled on the sharp iron spikes which line every Regency avenue.

There are five main characters. Mary, who works in a local museum, has left her boyfriend and is house-sitting one of the hidden, genteel places in Park Village. She has donated bone marrow to an anonymous young man who turns out to be the mysterious and charming Leo Nash: they meet and fall in love, while Mary inherits a fortune. Roman, the most interesting person in the park, is a not-quite-credible creation, a publisher who in response to unbearable personal tragedy has retreated from the world to live as a

street person. Sean is the elderly dog-walker for the neighbourhood, formerly manservant to a rich (and dead) old man. Hob is an appalling and pathetic drug addict and villain. These five, surrounded by assorted drunks and drop-outs, parade around the park as someone sets about the murder of the locals.

As with many of Ruth Rendell's recent books, the "murder" theme is secondary to her deeper concern. She has structured the tale so that the mystery is solved at the very end, but the fascination - the reason you, the reader, will sit up late - has everything to do with Rendell's fabled skill in story-telling. Her prose is rarely ambitious, or even good, but she has the gift which

THE KEYS TO THE STREET
by Ruth Rendell
Hutchinson £13.99, 310 pages

impels you to turn the page, and her plotting skills are utterly professional - see, for instance, a brilliant twist 40 pages from the end.

There are, the next morning, a few worries. Why should her boyfriend be so incensed when Mary made the marrow donation? Why, for that matter did she do it, and then get so obsessed with seeing the recipient? Why did Roman the publisher become a dossier as well as, in his words, "an unaccommodated man" (there is an embarrassing and unconvincing scene when he has sex with an odorous bag lady)? The answer is that Rendell had a theme, and a location stretching north from Euston to Primrose Hill, which she knew she could engineer triumphantly.

BOOKS



Chequers, country house of the prime minister: Margaret Thatcher's crucial meeting on German unification was held here. Picture from Norma Major's history of the house, "Chequers" (HarperCollins, £25)

Adoration of the Iron Lady

This is a diary of disappointed love, writes Malcolm Rutherford

When she was prime minister, Margaret Thatcher had a habit of inviting outside experts to Chequers or No 10 Downing Street for seminars, especially on foreign policy. It was a good idea in theory, but had its pitfalls in practice. Academics and journalists have their own vanities. They may be flattered to be there, but do not like it if their advice is rejected. Some of them, like George Urban, even keep a diary.

Overlook the title: *Diplomacy and Disillusion at the Court of Margaret Thatcher - An Insider's View*. These 200 pages or so are a story of disappointed love. Urban adored Thatcher, or MT, as he calls her almost throughout. "I would have loved to see her as 'Queen of Europe,'" he writes. "The plain truth is that Margaret Thatcher is

in many respects too good for Britain." And again: "MT is a great lady even when she is dead wrong."

There were other people in what he regarded as the prime minister's inner circle whom Urban admires (and still does). He describes them as "the cream of the intellectual-spiritual element of the Conservative Party," attracted by MT's presence. They included Lord Thomas of Spaulding, civil war hero and Lord Dacre. Urban is miffed that none of them are mentioned in Lady Thatcher's memoirs, *The Downing Street Years*.

The fact is that what started as a crusade against Soviet communism and the alleged bias of the British media ended in a quarrel about the future of Germany. Urban thinks that Thatcher became entranced by Mikhail Gorbachev. She preferred him to almost any German

leader, notably Helmut Kohl. She distrusted the Germans intensely and might have opted for an alliance with Moscow rather than Bonn or Berlin.

This came to a head at the Chequers meeting on "The German Question" in March 1990 when Ger-

DIPLOMACY AND DISILLUSION AT THE COURT OF MARGARET THATCHER - AN INSIDER'S VIEW
by George R. Urban
L.B. Taurus £19.95, 206 pages

many was approaching unification. Even the American historians, Gordon Craig and Fritz Stern, both of whom have written wisely and well on Germany, were present. The account of what happened is the best part of the book. Urban

concludes, almost certainly correctly, that the minutes were hijacked by the prime minister's private secretary, Sir Charles Powell. Powell had drawn up the original agenda, attended the meeting, and wrote the minutes to reflect Mrs Thatcher's anti-German prejudices rather than what was said by most of the participants. The minutes were then leaked to the press. It is almost inconceivable that either Craig or Stern could have gone along with the conclusion that Germany had not changed and was still not to be trusted. Some of the British historians also objected, and so did Urban.

On this matter Urban was right, and Thatcher was wrong. Even she admits in her memoirs: "If there is one instance in which a foreign policy I pursued met with unambiguous failure, it was my policy on German reunification." Yet the

damage was done. By the middle of her premiership Thatcher (to borrow a phrase) could have had Britain at the heart of Europe. Her decision to resist greater integration, and the way it has caught on among lesser Conservatives, may still split the Party.

Despite the rift, Urban's adoration of MT lingered on. There is one comment, however, which suggests that outside experts suffer from a lack of knowledge of the political process as a whole. Apart from his dismissive reference to "the Foreign Office crowd", Urban claims that no other British prime minister held seminars "to broaden their minds and take advice from unorthodox quarters". Has he not heard of the Central Policy Review Staff? It was introduced by Heath, discussed all sorts of subjects in unorthodox ways, and was abolished by Thatcher.

Rereadings

Molecules in motion

Jon Turney is reminded that the genetic code is far from cracked

Brilliantly successful science often loses its memory. It was like that in the heroic days of molecular biology in the 1960s. A band of revolutionaries was sweeping all before it. Past approaches and techniques were of little interest in laboratories where the molecular machines which read, write and edit the genetic code were being taken apart piece by piece. Real biology was about doing experiments, preferably on organisms which reproduced as fast as bacteria (around 20 minutes) or even bacterial viruses. Everything else was mere natural history.

It was not a time for contemplation. As Watson says in *Crick in the BBC's Life Story*, "If the apple won't fall, let's go shake the tree". And the Anglo-American pair's success in teasing out the structure of DNA had a style about it that others were inspired to emulate. By the end of the 1960s, the accumulated successes were so startling that some, notably the American geneticist Gunther Stent, were claiming there would soon be nothing left to discover. Others, like the French Nobel laureate Jacques Monod, in *Chance and Necessity*, wanted to build a philosophy of life on the new picture of molecules in motion inside the cell. His existentialist tract, now almost forgotten, was a surprising popular success at the time.

For his colleague (and co-winner of that Nobel), Francois Jacob, things looked quite different. As brilliant as any in the laboratory, he saw their collective endeavour as merely one stage in the unfolding of ideas about living systems. His *Logic of Life: A History of Heredity* (Pantheon, 1974) was not the Whiggish retrospect typical of elderly scientists, but the recovery of how worldviews are reconstructed in accord with the dominant ideas of the time.

Nor was it a breathless popularisation of the kind so prevalent then and now. To encounter his coolly-composed account of the development of our understanding of heredity as a biologically-ignorant undergraduate in the 1970s, who was nevertheless being trained in molecular genetics, was to experience a completely different way of writing about science.

Part of the experience was seeing an idea I had been groping for, without realising it, put into words. "Science," Jacob told me, "is enclosed in its own explanatory system, and cannot escape from it." It was not a formulation which would have occurred to my lecturers in molecular genetics. It did not mean that the scientific story they were telling was any less splendid. But it did mean that one could grasp, perhaps dimly, how there might be other ways of looking at organisms which were equally revealing.

Certainly, this had always happened in the past, through a combination of advances in techniques for defining new objects of

investigation, and reorganising biological knowledge around the concepts which arose in studying those objects. In a series of beautifully written chapters (I see more clearly now how beautifully written they were), he told the story of ideas about the begetting of like by like. Once, they simply compared the surface shapes of organisms, the visible structure, but as successive layers of organisation were revealed so the ideas changed, in accord with both the newly discovered phenomena and the cultural preoccupations of the time. The ancient tangle of forms and signs yielded to species, then to the elements making up individual members of a species, then to cells, genes within cells, and finally to molecules: composing the genes. Each shift in focus meant a reinvention of key features of the biological world.

Later, I read Kuhn's equally startling *Structure of Scientific Revolutions* and other philosophy of science,

became acquainted with other sciences and other episodes from their history. But *The Logic of Life* alone was a superb corrective to the main weakness of an undergraduate education in a single science: the failure to acknowledge that there are varied styles of thought, a whole range of different ways of approaching problems. In any particular science, there may be no immediate need to know this. In life, it is as well to bear it in mind.

Twenty years on, the dizzy onward rush of the human genome project is reinforcing the idea that everything in biology can be explained by teasing out the DNA text in more and more detail. Jacob, who helped make such a project possible, cautions us to be open to the possibility of taking one kind of analysis to its limit will open the way to a new transformation in understanding.

Just as in the past, it may only be when we have finally catalogued and read every gene that it is clear what genes are really good for, and what they are not. They will always be a crucial part of the logic of life, but there may yet be other levels of organisation. The continuing appeal of Jacob's fine book is that it implies that the most recent conclusions need not be the end of the story.

technically a historical novel, touches like this one ensure continuity with Atwood's other work, as does the atmosphere of teasing uncertainty. Everyone, including Grace herself, wants to know something: how they live with their inability to come to a definite conclusion is, in the end, a test of each individual's strength of character. Ostensibly a novel about a mystery, *Alias Grace* attempts something more ambitious than fleshing out a sensational real-life story. It recreates a period when one orthodoxy about the human mind was giving way to another, less obviously flawed but not yet aware of its own limitations. Atwood is, one suspects at the novel's close, more comfortable with those remaining areas of obscurity than most of her characters ever learn to be.

Atwood's writing is especially vivid at these moments, reworking metaphors - a desirable young woman looks "as if she is sculpted of whipped cream" - which hark back to the preoccupations of her first book, *The Edible Woman*. Although *Alias Grace* is

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Like Justin Cartwright I was born in South Africa and like Justin Cartwright I left South Africa to live in England. But unlike Justin Cartwright I have not returned to the new South Africa. The memories of the homeland I left are still tainted with the vision of the apartheid era which I came to dislike so intensely that I packed my bags and sailed away.

Sometimes I long to return to the land now ruled by Nelson Mandela. So far the opportunity to do so has not arisen. Meanwhile, the next best experience is to read about the miracle which has taken place in South Africa. Who better to describe the scene today than a distinguished writer such as Cartwright, whose most recent novel, *In Every Face I Meet*, was short-listed for the 1995 Booker prize and the Whitbread Prize.

Not Yet Home is Cartwright's account of his journey and gives a fascinating

insight into the new South Africa, its peoples and its cultural life - art, music, literature, theatre and rugby. He has the eye of the perceptive observer, the ear of the discerning listener as he describes the sights and sounds of the rainbow nation.

He describes his meeting with Dolly Rathebe, one of the legendary jazz singers from the Sophiatown era of the 1950s, the years when Father Trevor Ruddellstone was ministering there. Dolly, who was once Drum magazine's most famous cover girl, had an engagement to sing at a steak 'n' hamburger restaurant in the northern suburbs of Johannesburg but so lost in legend is she, says Cartwright, that nobody turned up to hear her.

"She lived through the worst of apartheid, when every car journey at night was an invitation to arrest, and every precarious engagement was a triumph over the laws restricting movement, and the sheer difficulties of life for blacks," Cartwright says. "Yet here was Dolly, with the new era beckoning, singing to nobody in a hamburger joint, her struggles and travails unrecognised."

Unknown by some, perhaps, but not entirely forgotten, because Dolly had received a summons from the playwright Welton Msimi to take part in the inauguration ceremony for the new president in 1994. Msimi, who was the producer of the Zulu *Macbeth*, *Umbatha*, which he took to

Europe and America in the 1980s, had chosen for his theme, "One nation, many cultures". He also invited Nico Carstens, once the king of *boeremusiek*, to participate in the ceremony. It would be

NOT YET HOME: A SOUTH AFRICAN JOURNEY
by Justin Cartwright
Fourth Estate £12.99, 192 pages

the greatest privilege of his life to play for Nelson Mandela, Carstens told Cartwright.

Sadly, Johannesburg is no longer the Golden City I knew. It has become the crime capital of the world. "Johannesburg is rife with stories of robbery, hijacking and murder. There always had been murder and rob-

bery, but largely localised in the black areas... At a safe distance it sounded quite exciting... The city centre and the suburbs were comparatively Arcadian, and strangely quiet at night when all the black people were obliged to go home. Johannesburg now is a very different city. Every street corner has become a makeshift market - known as the informal economy - and every residential block a crowded slum."

There are some regrettable omissions in the book. Although Cartwright tells us about the preparations for the president's inauguration, we miss out on the event itself. He also reports on several rounds of the rugby World Cup but does not describe that final scene after the Springboks had

won. To me, though, the most fascinating and telling part of *Not Yet Home* is Cartwright's view of apartheid.

For those of us who loathed it and fled from it, feeling like cowards but despairing of making a difference, convinced at last that our puny efforts and voices could not undo what was done, Cartwright offers some consolation.

"Apartheid will become the myth, around which everybody can gather in his or her own way. Apartheid will be the touchstone of all decisions. Apartheid will in effect be the culture of South Africa, the defining principle of the new society... Nobody in South Africa can avoid assessing themselves in relation to it... The essential cultural myth of the new South Africa is this: something significant will rise from the pyre of apartheid."

Let it be soon.

Fiction/Joan Smith

Whatever happened at Richmond Hill?

In 1983, a shocking double murder at a country estate called Richmond Hill, near Toronto, gripped newspaper readers on both sides of the Atlantic. Grace Sparks, a 16-year-old servant who had emigrated to Canada from Ireland, was sentenced to death for her part in the brutal killing of her master, Thomas Kinnear, and his housekeeper, Nancy Montgomery. The case had everything, from a beautiful but apparently wicked young girl to persistent doubts about her guilt and a lengthy campaign to prove her innocence. Grace's sentence was commuted to life imprisonment but her co-defendant, a sta-

ble hand named James McDermott, was hanged in spite of his claim that he had committed the murders only at her urging and because he was in love with her. Salacious details which emerged at the trial - Nancy Montgomery was the mother of an illegitimate child, and Kinnear's mistress - prompted lurid speculation in print and even contemporary ballads about the relationship between the four

protagonists. Grace's long years of imprisonment, which included a spell in a lunatic asylum, produced no firm answers about what really happened at Richmond Hill. But she was eventually granted a pardon and released, travelling to New York State in 1972 and disappearing from the records.

This final uncertainty offers rich material to a novelist, especially one beguiled, as Margaret Atwood has demonstrated herself to be, by what cannot be found out - by the condition of unknowability that exists even between well-intentioned human beings.

Grace Marks, in the version or indeed versions of her that appear in the cannily-titled *Alias Grace*, is by no means well-intentioned. A survivor of a brutal prison regime whose indignities include sexual abuse by male warders, her goal is quite naturally to protect

herself, especially from male doctors who have in the past used their profession as a cover for molesting her. When an American doctor, Simon Jordan, begins visiting her with a series of what seem to be simple-minded questions, she is suspicious

ALIAS GRACE
by Margaret Atwood
Bloomsbury £14.99, 468 pages

- and perplexed by the different root vegetables he brings with him each afternoon.

The vegetables are a comic touch, a joke against Simon's crude attempt to delve into Grace's unconscious (the connection, which she cannot be expected to understand, is that they grow underground and Nancy's body was found in a cellar). Pre-Freudian, but only just, Simon is interested in new theories about the mind and hopes to make



Margaret Atwood creates an atmosphere of teasing uncertainty

his name from a study of Grace: he has been invited to examine her by a committee set up by local worthies convinced, for a variety of reasons, of her innocence.

The story of this early attempt at psycho-analysis, which forms the heart of the novel, is framed by many different texts. There are genuine documents giving highly coloured reports of the case, letters between fictional characters, and Grace's own first-person account of her life and the events leading up to the murders; there is

also a bizarre and troubling interlude in which another doctor, an obvious charlatan, is allowed to hypnotise her with startling results.

What emerges from this babble of voices is the possibility that Grace herself might not have been able to explain the gory events at Richmond Hill; that the very idea of simple causality, and untainted recollection, might themselves be flawed. Erotic tensions, imperfectly understood, course through the novel like an underground stream, diverting even those characters, principally Simon, who believe themselves to be most rational and controlled.

Atwood's writing is especially vivid at these moments, reworking metaphors - a desirable young woman looks "as if she is sculpted of whipped cream" - which hark back to the preoccupations of her first book, *The Edible Woman*. Although *Alias Grace* is

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ARTS

When money calls the tune

Composer Gordon Getty talks to Annalena McAfee about his sponsorship of the Russian National Orchestra

It was a memorable concert. The setting was the prestigious Great Hall of the Moscow Conservatory and several of the audience had paid as much as \$20,000 for tickets. Some of the world's finest musicians played the work of some of the world's most influential composers: Rachmaninov, Britten... and Getty.

Getty? You will search *The New Grove Dictionary of Music and Musicians* in vain. There is, as yet, no reference there to Gordon F. Getty, scion of the great oil dynasty, patron of the arts and composer of music which he describes as "tonal, melodic, old-fashioned... much of it sounds like it came from another century." But in last Monday's Moscow concert by the Russian National Orchestra, Getty's *Victorian Scenes* took its place alongside Rachmaninov's *Bells* and Britten's *Variations on a Theme of Purcell*.

Gordon Getty, the 53-year-old head of the Getty clan, has long been known for his generosity to the arts. "My giving," he muses, when asked to estimate the annual sum he disperses to the arts, "about \$5m," depending on the tax position, he adds. Perhaps there is a gene for beneficence: his brother John Paul II helped to save Canova's "Three Graces" for Britain, ironically founding the Malibu museum in memory of his father. Among organisations benefiting from Gordon's largesse have been the recreated Globe Theatre in London and the Kirov Orchestra.

But when he first heard the Russian National Orchestra, the western-style independent "super orchestra" founded by Mikhail

Pletnev in the exhilarating early days of glasnost, the encounter was, Getty acknowledges, "a meeting of Romantic spirits". And in the manner of Victor Kiam and his razor company, Getty liked the orchestra so much that he bought it - or rather, agreed to sponsor it.

This week, as director of the

At least his music will continue to be played, which is more than can be said for many of today's composers

Friends of the Russian National Orchestra, Getty has been hosting the ultimate sponsors' feast: a trip which makes the usual corporate hospitality junket seem as meagre as a workhouse supper.

Twenty-two "major donors" have flown in Getty's private Boeing 747, "the family station wagon", for a 10-day trip to Moscow and St Petersburg to hear the Russian National Orchestra, visit museums and galleries and dine with local dignitaries. The cost of the trip is \$20,000, \$12,500 of which goes directly to the orchestra.

These "major donors" are an impressive bunch: their wealth is matched by the scale of their generosity and the range of their interests. There is Mrs Helen Watson, widow of the discount

store king Sam Walton. Apart from the arts, her benevolence has extended to the US Presbyterian church and a higher education programme in Central America. Mrs Patricia McKean Supper, widow of Frederick Supper, founder of Constanza Alexander-Froufrou, has recently contributed \$1m to the Norton Museum of Art and describes herself as a painter. She is also a member of the Croquet Hall of Fame, Newport, Rhode Island. Retired banker Byron L. Ramsing runs the A22 Ranch in Cody, Wyoming, where he breeds Norwegian Fjord horses, and is a trustee of the Buffalo Bill Museum.

Getty is himself no single-issue benefactor. With his wife Ann, an enthusiastic student of anthropology, he founded and financed the Institute of Human Origins at Berkeley, California. He is also passionate about economics and is currently working on the fifth draft of a "crazy" paper explaining rates of return in terms of biological constraints.

His first love, however, is music. "If you don't begin composing with your first memories, you never will," he says. He is a gentle, bear-like man with an unpretentious, almost folksy style which seems more mid-west farmboy than international plutocrat. His family, headed by his formidable oil magnate father John Paul, was not overly musical, although Gordon's maternal grandmother, Helen Welsh, sang in vaudeville. It was at school in Los Angeles and San Francisco - that he was first introduced to the subject which has become the expensive obsession of his adult life. He recalls his first visit to



Gordon Getty: a gene for beneficence?

the opera. "It was *Carmen*. I was just a little shaver and I wondered why the hero was fat and bald."

After four years in the family business he studied music theory for a year at the San Francisco Conservatory and went on to write *Pump Jack*, an opera inspired by Shakespeare's *Falstaff*, *The White Election*, an Emily Dickinson song cycle, and *Victorian Scenes*, choral settings of poems by Tennyson and Houseman. "All my texts come from the mighty dead," he says. Like his economic paper, his compositions are subject to an apparently endless process of rewriting and refining. Is he a perfectionist? "How right you are," *Pump Jack* has had many performances as a work in progress and his other pieces have had several strings in different incarnations. "I wanted

to make sure that I was up to snuff." But at last, he feels, he has come of age as an orchestra conductor. "I am no longer fighting myself. It sounds like I mean it to sound."

His favourite composers are Musorgsky, Bach, Schubert and Beethoven - though "Mr Tchaikovsky was no slouch" - and he is resistant to the more eclectic appeal of contemporary atonal music. Until this century, he says, "composers had to please the market, even if it was just the court. All these fellows had to please the public as well as the muse." He suspects that the more avant-garde composers are simply pleasing themselves. He is opposed to state subsidy of the arts although he

endorses government tax incentives for private sponsors.

Getty himself has, of course, never had to woo a private benefactor or seek public subsidy. Does he think his position has had any bearing on his career as a composer? "My father being very wealthy - it had advantages and disadvantages. The advantage was, everyone was curious and my work went to the top of the stack." Reviewers, however, have not always been kind. Norman Lebrecht wrote that "in every classical home, there is a dark corner where one crawls in times of stress to seek the solace of undisturbed Schadenfreude." In this corner, said Lebrecht, a CD of Getty's music, a contender for the title "worst classical recording ever", is located.

This is the downside. "Some critics might have had a little bit

of a chip on their shoulders," says Getty cheerfully. And although he says there have good reviews, his bad reviews are kept and cherished by "muckrakers". But bad reviews are better than none and, regardless, his music will continue to be played by virtuoso musicians, which is more than can be said for many contemporary composers. "I'll take the trade-off."

After the Russian major donor tour, Getty's next big project is an appearance at the White Nights Festival in St Petersburg next year. Then it will be the turn of the Kirov Orchestra to play a Getty song cycle and Gordon Getty will himself mount the stage to sing the baritone part. Is he apprehensive? He laughs affably and shakes his head. "The worst I can get is egg on my face. I can't lose my livelihood."

Theatre

Another round of marital combat

Ian Shuttleworth reviews a new production of Albee's masterpiece

The first shock in Howard Davies' fine production of Edward Albee's *Who's Afraid of Virginia Woolf?* is the entrance of Diana Rigg onto John Napier's scholastically opulent set. The epitome of theatrical elegance looks as close to frumpy as she can reasonably manage, sitting in a cream from the tub in an understated wig. Although she later emerges in a more eye-catching ensemble including tight zebra-striped pants, the point is well made that Rigg's Martha is a siren not through any inherent allure but because she is determined, even desperate, to be so.

This sensation is mirrored in George and Martha's relationship as a whole: although their constant bickering shocks young newcomers Nick and Honey, the couple show little true spirit to each other except when the battle moves onto fresh ground - the subject of their "blond-eyed, blue-haired" son.

David Suchet's George, in particular, is remarkably urbane, on occasion even languid, through most of the combat: this is a man who has seen and experienced everything in more than 20 years of bloody marriage, whose interest lies more in the fecundity of language he uses to propel his darts than in the drama of the scrap itself - again, until the shared enormity of sunny boy rears its head again.

As Nick, Lloyd Owen is an arrogant mid-Western prig; Clare Holman continues a line of strong Honeyes on the London stage, especially impressive in the final

act when she realises with horror, her entrapment in George's climactic savage "game", but can only go along with it.

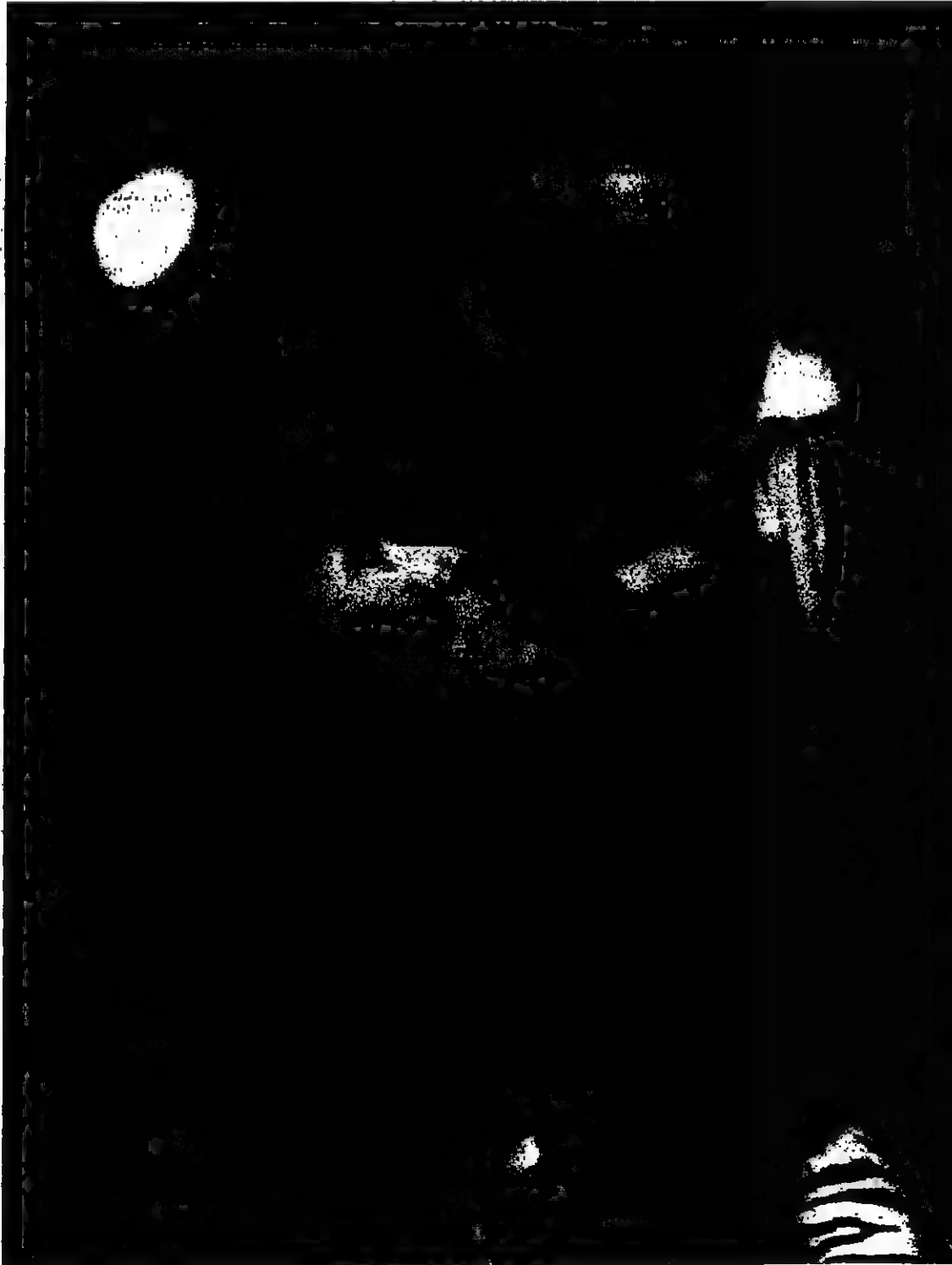
The weak point of both younger actors, whether due to their own efforts or Davies' direction, is drunkenness: after what was supposed to have been several hours of drinking, each tips over into giggling incoherence with odd rapidity.

Martha and (especially) George on the other hand, seldom seem affected at all by their constant ingestion of rocket-fuel - they are so habituated to such clank that hardly any amount of booze can throw them off track. By the same token, when they find themselves on the same side for a moment Suchet and Rigg crackle with an electric complicity.

In the last act, when the truth about George and Martha's offspring is forced out, Rigg is magnificent - compelling throughout her "recitation", shattering in her wailing collapse. Whether one views the play as plain psycho-drama, American social allegory or veiled sexual fable, Davies' production rolls confidently over its occasional imperfections to a conclusion which, in Rigg's and Suchet's performances, is as potent a descent to a devastated ground zero as it has ever been.

The entirety of the *Almeida* run is already sold out; the production then deservedly decamps to the Aldwych theatre.

At the Almeida Theatre, London N1 until October 26 (0171 359 4404).



Electric complicity in a bloody marriage: Diana Rigg and David Suchet

Rattle tackles the century

Tomorrow night at 9, an adventurous series begins on Channel 4. In *Leaving Home*, seven hour-long programmes, Simon Rattle offers a "conducted tour" of 20th-century orchestral music, from Mahler, Debussy and Stravinsky to Stockhausen, Kurtag and Shostakovich.

Nothing on this scale has been attempted on television before, much less in a prime-time slot. The timing is happy, for a great many viewers have just been watching Rattle conduct - superbly - the concert for the Leeds Piano Competition finals. He is fun to watch, and a great conveyor of enthusiasm.

The programmes are arranged under different headings, like "Rhythm" and "Colour", and some specific historical sites: Vienna in Schoenberg's time, the distinct world of America. Pedagogy is not a threat; Rattle's eager commentary goes down easily, and mostly it bears directly upon the music we hear. That comes in substantial extracts, not snippets, and it sounds wonderful: we rarely hear music

recorded to such a standard for television. Rattle's City of Birmingham Symphony Orchestra, which he leaves in September 1996 to be replaced by Sakari Oramo, is in splendid form, and a lot of famous and well-chosen soloists join them. You may find, as I did, that you want to turn the music up much louder whenever the chat stops: there is plenty of music here that cries out to be heard in full detail.

The extracts have been chosen very carefully. There are reassuring pops from the start of the century (*L'Après-midi*, *Das Lied*, *Firebird*), and a very fair survey of what came later. "Difficult" music turns up in flattering excerpts, usually placed next to easier fare that shares significant features with it. All very palatable, and often illuminating; and many viewers will take advantage of the side-dishes - a constant Rattle series on Radio 3, and an extra Channel 4 programme (3 November) devoted to Stockhausen's extraordinary *Gruppen* for three orchestras.

D.M.

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Night's Dream



Had he lived, Roberto Gerhard would have turned 100 this year, which is a good enough excuse for celebrating and revisiting his music now. The Proms gave us his dramatic cantata after Camus, *The Plague*, his earlier opera *The Duenna*, as produced by Opera North, is a recent and pleasurable memory; more is to be heard on the South Bank next month.

Meanwhile, at the Wigmore Hall on Wednesday the Nash Ensemble played mixed Gerhard: early, middle and late. Younger readers should understand that we late-1960s listeners came upon the latter, unique Gerhard first, and were aston-

Music in London/David Murray

Serialism with Hispanic verve

ished and entranced. Later we learned that this Catalan composer (of Franco-Swiss parents) had been a devoted Schoenberg pupil in the 1930s, and had fled the Franco régime to make a Franco career in Britain writing film and theatre music. What we heard in the late pieces was a provocative mating of faithful serialism - "twelve-note" composition - with a pungent Hispanic accent and address. Most of all, his unerringly sensitive ear for timbres (whether he

was writing film-music effects, or concert pieces) fixed him as an intuitive musical dramatist, operating beyond any dry "twelve-note" rules.

The Nash gave a dazzling performance of his 1969 *Leo*, almost as magical an ensemble-piece as its predecessor *Libra*: an intricate chain of sounds which has its own intriguing logic, and sounds like nobody but Gerhard. Before it came the *Concert* for 8, another glittering exhibit, and his brilliant

"duo concertante" *Gemini*, in which Stephanie Gonley and Ian Brown were intrepid on violin and piano.

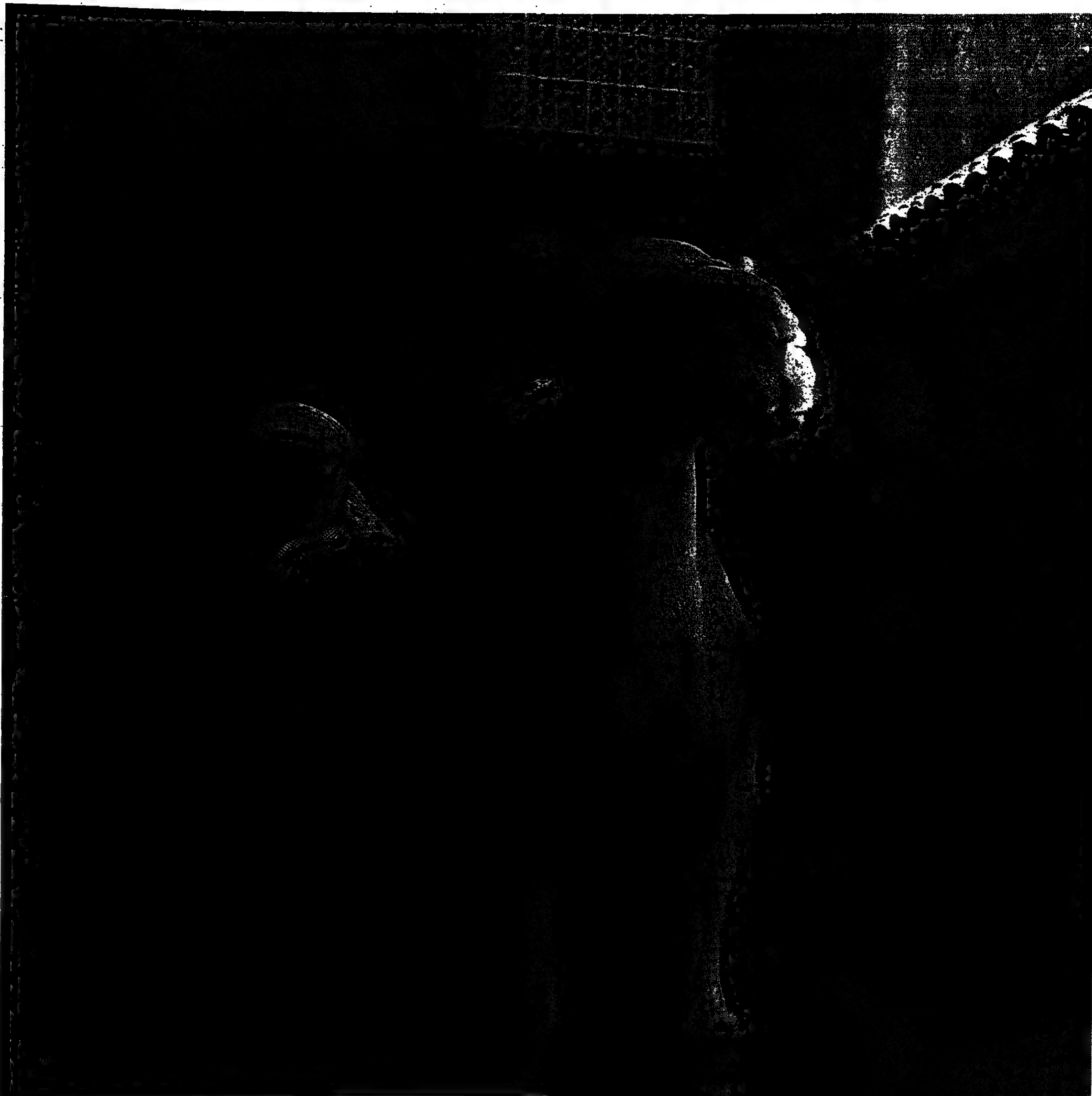
Rosemary Hardy sang Gerhard's 7 *Haiku* (from 1922, but revised - possibly rewritten - much later). Concise and beautiful, extraordinarily forward-looking for each tiny poem Gerhard found original, instantly communicative sounds. A welcome bonus was his set of folk-song arrangements after Pedrell, his early teacher. Iively and

earthy, and as ear-tickling as the rest of the Nash programme.

By comparison the Guarneri Quartet, whom we heard on Monday at the Queen Elizabeth Hall, sounded tired. Probably only jet-lagged, though this distinguished American team has been in the business for 32 years without a change of personnel: its performance of Beethoven's op. 18 no. 6 may have been its hundredth, or two-hundredth. Musically,

everything was unexceptionable, but nothing exceptional - tame, tasteful, generally underplayed.

Fauré's lovely late Quartet was left sounding as diffuse and elusive as too often it does, quite unnecessarily. (If its themes are robustly characterised, the rest will follow.) The Guarneri leader kept an oddly low profile, as he did all evening; it was disconcerting that the second violin should seem the most vital player throughout. After the interval everybody gave much sharper attention to Beethoven's second "Rasumovsky" quartet, the E minor, and we left with a fine, well-shaped performance ringing (gently) in our ears.



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James Morgan

When real life intruded on the stretch limos

The rules are changing for the old monetary surgeons and backroom boys who fancied a game of finance ministers

The champagne is chilled, the lobsters boiled, the annual meetings of the World Bank and International Monetary Fund are under way. And I am almost sorry that, for the first time since I can remember, I am not there.

The occasion mixes luxury beano and stretched limos on the one hand and earnest discourse about the fate of the poor on the other. This is no paradox; it reflects what the world is really like. Make the pilgrimage there, but live like a hermit for the rest of the year, and you will

have a better idea about how the world works than by reading the average newspaper every day.

One realised that something was up in 1989 when a quiet, unassuming academic called Leszek Balcerowicz told us he was Poland's finance minister and gave a press conference that made Margaret Thatcher sound like a leftish wimp. Within six weeks the Berlin Wall had gone.

Then there were the arcane events two years ago in Madrid where a huge battle erupted. On one side was the developing world, led by the IMF's managing director, Michel Camdessus,

and on the other, the Group of Seven rich nations. The subject of this battle was one about which few cared and fewer understood: a distribution of the IMF's Special Drawing Rights, in effect upping every government's credit limits.

It ended in stalemate. Once, the US would have fixed the Latin Americans; the French told the Africans what to do and the British would let most of the Commonwealth know what was really in their interests.

The SDR clash showed that the old western-administered consensus was finished. But the news-

papers said if anybody was finished it was Camdessus. They were wrong. Camdessus saw eye-to-eye with new, rather than old, power groups but nobody called for his resignation; even the Germans saw that the world had changed. And, anyway, he reflected the wishes of the majority of members, if not the majority of the votes. For the first time the seven top nations did not get their way in what they regarded as their institution. Camdessus lost too, but was impregnable.

And how the Fund itself had changed. Once upon a time one would ring up its "information"

department and expect one of two answers: "No", or "I don't know". Today it is part of a new, open, caring Fund. Not as caring as it likes to think but different from the old collection of monetary surgeons and backroom boys who fancied a game of finance ministers. Off they would go to fix Peru like 16th century Spaniards and return with their paper promises to Washington.

The World Bank has had to change even more. It is always looking for a role while the IMF is always given one. (The price of oil quadrupled, Latin America goes bust, the Berlin Wall col-

lapses.) In the good old days Bank staff would tramp through the tropics shouting their orders: "Clear those bloody trees, put a highway there and plant something useful." Today the talk is of eco-friendly micro-hydro stations supplying organic electricity to networks of rural women's empowerment groups.

The great army of hangers-on they came to lead vast sums to corrupt other dictatorships. (How wonderful, they said, those no-nonsense regimes were.)

Then came the cataclysm of the 1982 meeting in Toronto

when Mexico had just stopped paying.

The bankers spent the rest of the decade trying to get their money back; now they are there to get their hands on the treasures of once-poor countries under the guise of asset management schemes.

Nowhere is there such a cornucopia of deal-making, of information, of misinformation, of tedious prolixity and endless pointless statements. It may not be fun but it beats the hell out of the Internet.

James Morgan is BBC World Service economics correspondent

Interview

Life and the universe according to God

Clive Cookson talks to Keith Ward, Regius Professor of Divinity at Oxford and author of a new book presenting a point-by-point refutation of scientific atheism

At last, God is beginning to argue back. For several years scientific atheists have argued aggressively that religion in any form is incompatible with modern physics and biology. And their attacks have gone largely unanswered, either by theologians or by religious scientists.

This week, however, one of Britain's leading theologians, Keith Ward, publishes a "point-by-point refutation of scientific atheism". According to his book *God, Chance and Necessity*, modern science points to the existence of God as the best explanation for life, the universe and everything.

Ward is Regius Professor of Divinity at Oxford University - home also to two of Britain's most vocal atheists, the biologist Richard Dawkins and chemist Peter Atkins. He has been preparing a counter-attack since he first held a public debate on science and religion with professors Dawkins and Atkins, soon after coming to Oxford five years ago.

"They were making a big public statement, a propaganda campaign even, on the basis of the most naive forms of theology and philosophy, and that annoyed me," Ward says. "I thought someone should give a response from the same academic strength in theology as Dawkins has in biology - and no one else was doing it."

He sees Dawkins as the chief target, partly because his books from *The Selfish Gene* in 1976 to *Climbing Mount Improbable* this year have made an immense impact on public opinion, and partly because he particularly admires the intellectual "brilliance" of Dawkins. Atkins, too, Ward regards as a "superb" writer but he is cruder and more vitriolic in his attacks on religion - and therefore less effective.

It is clear from reading *God, Chance and Necessity* and from talking to Ward in his book-lined rooms on the south side of Christchurch College's Tom Quad that the argument is very much an academic one.

The book may be more accessible than Ward's eight works on theology and philosophy but it is still hard going for the non-specialist reader. He writes in a deliberately dispassionate and

rather abstract way, rich in intellectual content but lacking the profusion of telling examples and the human touch that makes Dawkins such a delight.

The argument is about how best to explain the incredible richness and variety of the universe - and above all the evolution of human consciousness and intelligence. The atheists say that an accidental, mindless process accounts for it. According to Ward: "By far the best hypothesis is that there is a cosmic mind of immense wisdom, creating a system which will shape itself to realise states of value... like the appreciation of beauty, moral action and rational understanding."

However, he rejects "naïve ideas of God as a parent who would like to eliminate all waste and randomness if he could". A random element in evolution, driven by God's underlying laws of physics, means that the outcome is not determined in advance. "Thus, a space is left for the free actions of intelligent beings, which will later be so important for the development of the cosmos."

Ward accepts the entire framework of modern science, from quantum physics to molecular genetics. But he rejects the Dawkins view that the wisdom of evolution can be explained through chance mutations driven by natural selection - the survival of the fittest.

The accumulation of tiny changes, directed only by mindless natural selection, could not have led to living systems as complex as the conscious human brain, Ward argues. God must have weighted the process in favour of increasing complexity.

In his book, Ward writes about a generalised God, disconnected from any particular religion. But Ward is an ordained member of the Church of England, who started his career as an atheist philosopher and became a Christian in his 30s.

Although Ward is shy about the more personal, revelatory side of his beliefs, he is happy to discuss the intellectual basis of his conversion to Christianity. "It was the manifest absurdity of the sort of philosophy I was taught: A.J. Ayer and logical positivism, which has now disappeared. The simplest way I can put it is that



Keith Ward: he argues that the accumulation of tiny changes, directed only by mindless natural selection, could not have led to living systems as complex as the conscious human brain

Brandon Carr

metaphysics came back, after a period when people had thought it was dead. Philosophers went off in various directions, and I took the theistic way," he says.

When there are so many different religions in the contemporary world, how can Ward - or anyone else - be sure that he has chosen the right one? "It's a forced option. You have to believe something and you do the best you can," Ward replies. "You have to get to know the options and think about them at their best. For most people in Britain today, Hinduism is not really an option and you can't choose to be a Jew... If you come to the view that there may be a spiritual basis for reality, then you usually choose the local group."

"But I would say that only Christianity and Judaism have adapted their views to a scientific outlook. It's more difficult for a Hindu to do that."

Ward points out that Christianity has been evolving from the start. In the first century Christ was seen as the Messiah, in the fourth

century as the cosmic being. "It's a question of re-interpretation, rather than abandonment."

What about the Resurrection? "In common with most Christian theologians in this country, I would see the Resurrection in terms of a visionary experience to a group of people. That's not

'There could not be a universe like this, with sentient beings like us, without suffering'

wholly without parallel in religious experience." Ironically, Ward says, modern fundamentalist Christianity - taking the Bible as literal truth - "could not exist without science". Some fundamentalists are obsessed with applying

science to the Bible, trying even to calculate the speed with which Jesus ascended into Heaven. "I think that fundamentalism is capitulating to the materialist world view," he says.

Asked about miracles, Ward gives another lesson in religious history. "Miracle" is a post-scientific word. It does not appear in the Bible, where funny things happen all the time. The idea of breaking a law of nature is post-scientific. It shows again how science is skewing religion."

Ward does not accept the idea of God intervening to break the laws of science which God was responsible for setting in the first place. "There are limits to the sort of change that divine intelligence can bring about. I wouldn't talk about interference but about a field of influence, like field theory [in modern physics]. Lots of other things can bring about change, from chance to human choice."

There is no role for the Devil as an evil anti-God in Ward's view. "The Devil is primitive mythology that

has to go," he says. "If you go back to the views held 2,000 years ago, Satan was a powerful spirit, but if you don't believe in spirits..."

Science - and the role it gives to chance and random events - helps to explain why there is so much waste and suffering in a universe created by a good God. "There could not be a universe like this, with sentient beings like us, without suffering. We must get away from the crude idea that God could have created us in a perfect universe."

Since Ward believes in a good God, he says he must logically believe in life after death. "If there is no after-life, the purpose of God would be rather indifferent to human concerns."

On this point, Ward concedes that he loses contact with scientific evidence and moves into the realm of personal belief. "The Bible prohibits trying to find out about the afterlife, and there is no theological motivation for doing experiments."

Might science eventually provide firm evidence about the nature of the human

mind and consciousness, or even about the afterlife? "I would not exclude it entirely but I think the block is conceptual rather than an empirical problem."

And what if people create intelligent machines with artificial consciousness, as some computer scientists predict? "You would have

the same problem with the machine: you would have to consider whether it was immortal. The Christian must believe that the conscious bit is capable of existing without the physical machine, but we are really into science fiction now."

Published by One World, £8.99

A pregnant pause in benign belief

Government has let us down. Our faith in human beings needs to be restored, says Peter Aspdon



Science and religion have rarely enjoyed a fruitful relationship. And why should they? "The dull certainties of fact and the opaque demands of religious faith offer two contrasting models of human need. The need to know, the need to believe. They perform different functions, and one cannot be reducible to the other."

Foolish is the person who tries to compare the two.

For example: when man first set foot on the moon, even Richard Nixon, not a man easily tempted by hyperbole, was moved to declare that the landing represented "the greatest week in the history of the world

since the Creation".

Wrong, said the evangelist Billy Graham, who trumped Nixon's claim with three greater occasions: Christ's birth, Christ's death, Christ's resurrection. The piqued - and pedantic - president scribbled an instant response to his aide: "Tell Billy R.N. referred to a week, not a day".

But the distinction between rock-hard knowledge and wispy theology is disappearing before us. As science becomes more speculative, as the traditional "miracles" of the church are explained away by white coats and test-tubes rather than black robes and crucifixes, the matter of what to believe becomes more of a lottery than ever.

It was reported last week that 300 women in Britain -

not a country known for religious fervour - had taken out insurance against having a "Virgin Birth by Act of God", in expectation of a Second Coming in the year 2000. The policy promised to pay £1m in the event of such an occasion being confirmed by an independent panel of gynaecologists.

Funny? Well, everything is relative. A further 123 people had insured against impregnation by an alien (more work, presumably, for those gynaecologists - and just think of the Sunday newspaper offers). Following the discovery of life, of sorts, on Mars, presumably it was considered a good outside bet.

Chris Carter, the executive producer of the highly successful television series *The X-Files*, said he was inspired

to get his project off the ground (as it were) by a poll which showed that 3 per cent of the American population believed they had been abducted by aliens. (I felt the same myself during the summer, but pinched myself and remembered I was watching the weight-lifting finals in Atlanta, which is, to be fair, a little like Mars.)

We are prepared, it seems, to believe anything. But the success of *The X-Files* also proves that there is one thing that simply will not wash any more: that governments are open, sincere and good for your health.

Previous science fiction series, notably *Star Trek*, did little to challenge the belief that government was essentially benign.

The Federation (ie the US) travelled the universe with

optimism, courage and ideals intact.

There would be the occasional malevolent Klingon (ie Soviet Union) warship to deal with, but these were outsmarted by superior tactics and tighter suits.

But the good guys are thin on - and off - the ground in *The X-Files*. A dark, paranoid atmosphere pervades. A character called Deep Throat reminds us of what happened to R.N. when he stopped waxing lunar to the nation.

All is conspiratorial, strange, unresolved. The heroes of the series are pasty-faced computer-hackers, finding out things they shouldn't and getting killed by bad-mannered CIA henchmen for their troubles.

Where Kirk, Spock et al had the universe for a play-

ground, Agents Scully and Mulder doggedly pursue a tape (the eponymous X-Files) the size of a credit card. The endless possibilities of infinity have shrunk to the damning contents of a hip pocket. It is a potent metaphor for what has happened to our faith in people - real, human people, that is.

We can believe that aliens are running round our back yards, take a flier on Christ making a return visit, but never that our elected politicians can be relied upon to act with decency, nor that our self-styled spiritual leaders will not end up in North Pole triangles in the News of the World. Our need to know has been more than satiated by the media; but never has our need to believe been greater.

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Kerin Hope on a long-discounted election result

Week brokers are just down to reducing inflation public offerings by more

public offerings by more than 70 companies. Market capitalisation stands at Dr6,100bn, 21 per cent of projected GDP for 1986.

However, the bourse still lacks depth. Few companies seek to raise more than Dr5bn, while owners balk at making more than the required 25 per cent of equity available. Brokers complain that lack of liquidity dampens the international appetite for Greek stocks and that Greek insti-

The state holding company, SETI, approved the sale of

the government's 3.8 per cent stake in the group.

HELSINKI continued to be driven higher by insurers, with speculation about a shake-up in the sector, and the view that their companies could be enhanced by recent gains in stocks and bonds. The Hex index rose 1.49 to a 12 month high of 1,171.00.

Among the insurers, Pohjola rose FM1.70 to PFM92.50 and Sampo added FM3 to F350.

Elsewhere, the beverages group extended Thursday's gains rising FM9 to FM143 as insurers further response to its strong eighth month figures.

In eastern Europe, BUDAPEST registered a 2.2 per cent gain. The Bux index closed 76.13 higher at 3,547.37, following a revival of foreign activity. In WARSAW, the Bux index rebounded by 1.51 to 131.19, 10 per cent to 1,736.54 after a three day fall. Turnover rose by 22 per cent to 138.4m zlotys.

PRAGUE's FX50 index rose 1.6 per cent to 657.9, while dealers said that over-the-counter trading, which accounted for around 80 per cent of total volume, indicated a slightly less ebullient view.

Written and edited by William Brown, Michael Morgan and Jeffrey Crowe

Shares in OTE, the telecommunications monopoly, which floated 65 per cent of its equity in April, rose from Dr4,040 to Dr4,105. OTE plans to join the mobile telephone market next year and there are plans to sell a larger tranche of its equity next year.

National Bank, the biggest Greek banking group, improved from Dr18,480 to Dr16,170. Profits should rise sharply as non-banking subsidiaries are disposed of and overseas operations reorganised. Hercules Cement, owned by a joint venture between National Bank and Italy's Ferruzzi group, was up from Dr3,060 to Dr3,155. National will sell another stake in Hercules, which will also take a stake in Balkis Cement, a smaller producer

was vital for the minority coalition government.

Mr Rao's lawyer had said he expected the former Congress party president to be arrested on Monday, when Mr Rao had been ordered to appear in a Delhi court on a warrants case.

WELLINGTON moved lower as political uncertainty clouded sentiment. The NZSE 40 capital index ended at 12,234 at 2,222.05. Dealers said the market had been shaken by Thackeray's TV debate between the leaders of the four main political parties. New Zealand goes to the polls on October 12.

BANGKOK finished slightly higher on late bargain hunting by speculators on the eve of a deadline for the prime minister's resignation. In spite of the political uncertainty, the SET index remained 5.15 to 1,047.95.

MANILA was slightly higher at the end of a session with the index closing 1.15 to 8,233.77.

• Taipei and Seoul were closed for public holidays.

[illegible]

LONDON RECENT ISSUES: EQUITIES											
	Issue	Amst	Brussels	Mid.	Paris	Stock	Close				
		p	p	p	High	Low	Price				
2003A)	350	3	66	14	22	380	25				
2003B)	350	3	66	14	22	380	25				
2003C)	350	3	66	14	22	380	25				
2003D)	350	3	66	14	22	380	25				
2003E)	350	3	66	14	22	380	25				
2003F)	350	3	66	14	22	380	25				
2003G)	350	3	66	14	22	380	25				
2003H)	350	3	66	14	22	380	25				
2003I)	350	3	66	14	22	380	25				
2003J)	350	3	66	14	22	380	25				
2003K)	350	3	66	14	22	380	25				
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2003N)	350	3	66	14	22	380	25				
2003O)	350	3	66	14	22	380	25				
2003P)	350	3	66	14	22	380	25				
2003Q)	350	3	66	14	22	380	25				
2003R)	350	3	66	14	22	380	25				
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2003V)	350	3	66	14	22	380	25				
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2003X)	350	3	66	14	22	380	25				
2003Y)	350	3	66	14	22	380	25				
2003Z)	350	3	66	14	22	380	25				
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2004C)	350	3	66	14	22	380	25				
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2004N)	350	3	66	14	22	380	25				
2004O)	350	3	66	14	22	380	25				

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1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000
Ordinary Share	2822.4	2617.8	2618.6	2381.9	2007	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.5	2001.5	2002.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	

[illegible]

96.54	1.05				*For 1988.
75.72	3.10	26.61	253.88	227.74	
59.42	2.65	20.48	292.74	2916.43	
70.63	7.78	52.19	2186.39	1488.94	

"Gold Mines Inc." is a trademark of The
number of companies, listed US Dollars,
were unavailable for this edition.

TRADEPOINT INVESTMENT EXCHANGE

Daily turnover for 27/04/1988

Volume:	222,000	Value:	\$369,730
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5. The indices are compiled by FTSE
6. Ltd. was a co-founder of the indices.

INSTITUTION CHANGES: Additions with effect 1/7/09: Luccini Technology (Large Cap Intellig); with effect 2/7/09: Inspire 100000 (Insurance Company Support), Green House (High Education) and Green

Wh	33				
Ctr	33				
Wh	33				

LONDON STOCK EXCHANGE

Share prices edge higher in cautious trading

MARKET REPORT

By Steve Thompson,
UK Stock Market Editor

A late sell-off in gilts, along with other European bonds, plus a difficult opening by Wall Street, took some of the shine off a generally confident UK equity market yesterday.

Nevertheless, the enthusiastic response of US bond markets over recent days to the Federal Reserve's decision to leave interest rates unchanged, provided powerful support for equities.

The FT-SE 100 index ended the day 13.2 ahead at 3,946.4. There was no real enthusiasm for the

second line stocks, however, with the FT-SE Mid 250 index closing a mere 1.3 firmer at 4,062.

Over the week, which has witnessed two big monetary policy making meetings in the US and the UK, both of which saw interest rates left unaltered, the FT-SE 100 has fallen by 17.7 points and the Mid 250 by 22.

But UK markets have been wary of talk of overvaluation in the US and elsewhere.

UK equity strategists were generally cautious about the interest rate decision. "The shocks as far as the market was concerned came from across the Atlantic, where the market had been confident that an upward nudge in US

rates was expected," said one leading analyst.

The next test for global markets comes next week with some especially important economic news, notably the US non-farm payroll report for September. Previous monthly payrolls reports have triggered substantial shifts in stock market sentiment on both sides of the Atlantic.

"If the employment numbers are seen as good, we could see the yield on the long bond down to 6.75 per cent, and Wall Street in good heart. On the other hand, a poor number could well be seen as an indication that the Fed's decision may have had political overtones. If that is the case then

we can say goodbye to the bull market and watch the long bond yield move back above seven per cent," said one strategist. He said London would inevitably move with Wall Street.

Yesterday saw share prices moving higher from the start, with Footsie kicking off 8.3 points higher and cruising through the 3,950 level, before drifting lower towards the close.

There was no real help for London from Wall Street, where the Dow Jones Industrial Average opened slightly lower and never looked like making progress during US hours.

The oil and pharmaceutical sectors were the main driving forces behind London's upward move. In the latter sector, Zeneca, Glaxo Wellcome and SmithKline Beecham were heavily bought overnight in the US and continued to make progress in London.

Oil shares, meanwhile, responded to the deteriorating political situation in the Middle East, which traditionally prompts a shift into the sector.

The daily dose of takeover stories in London included Royal Bank of Scotland, House of Fraser and Cadbury Schweppes. Turnover in equities at 6pm was 626m shares. Customer business on Thursday was worth £1.95bn.



Indices and ratios

FT-SE 100	3,946.4	+1.3
FT-SE 100 Index	3,946.4	+1.3
FT-SE 100 Index	3,946.4	+1.3
FT-SE 100 Index	3,946.4	+1.3
FT-SE 100 Index	3,946.4	+1.3
FT-SE 100 Index	3,946.4	+1.3
FT-SE 100 Index	3,946.4	+1.3
FT-SE 100 Index	3,946.4	+1.3
FT-SE 100 Index	3,946.4	+1.3
FT-SE 100 Index	3,946.4	+1.3

FT-SE 100 Index

Closing Index for Sep 27	3946.4
Change over week	-17.7
Sep 25	3933.2
Sep 26	3935.7
Sep 27	3910.5
Sep 28	3919.7
High	3954.8
Low	3904.3
Turn-day high and low for week	

TRADING VOLUME IN MAJOR STOCKS

Stock	Vol.	Closing	Day's	Vol.	Closing	Day's
			Change			Change
ASDA Group	2,800	103.4	+0.1	2,800	103.4	+0.1
Asda Stores	2,800	103.4	+0.1	2,800	103.4	+0.1
Asda Stores	2,800	103.4	+0.1	2,800	103.4	+0.1
Asda Stores	2,800	103.4	+0.1	2,800	103.4	+0.1
Asda Stores	2,800	103.4	+0.1	2,800	103.4	+0.1
Asda Stores	2,800	103.4	+0.1	2,800	103.4	+0.1
Asda Stores	2,800	103.4	+0.1	2,800	103.4	+0.1
Asda Stores	2,800	103.4	+0.1	2,800	103.4	+0.1
Asda Stores	2,800	103.4	+0.1	2,800	103.4	+0.1
Asda Stores	2,800	103.4	+0.1	2,800	103.4	+0.1

EQUITY FUTURES AND OPTIONS TRADING

Stock	Vol.	Closing	Day's	Vol.	Closing	Day's
			Change			Change
ASDA Group	2,800	103.4	+0.1	2,800	103.4	+0.1
Asda Stores	2,800	103.4	+0.1	2,800	103.4	+0.1
Asda Stores	2,800	103.4	+0.1	2,800	103.4	+0.1
Asda Stores	2,800	103.4	+0.1	2,800	103.4	+0.1
Asda Stores	2,800	103.4	+0.1	2,800	103.4	+0.1
Asda Stores	2,800	103.4	+0.1	2,800	103.4	+0.1
Asda Stores	2,800	103.4	+0.1	2,800	103.4	+0.1
Asda Stores	2,800	103.4	+0.1	2,800	103.4	+0.1
Asda Stores	2,800	103.4	+0.1	2,800	103.4	+0.1
Asda Stores	2,800	103.4	+0.1	2,800	103.4	+0.1

BT falls on 'deal too far'

By Peter John and
Joel Kibazo

A feeling that British Telecom's offer to acquire BT Cellcom was "too far" led to a sharp fall in the company's shares yesterday.

The company said on Thursday it had formed a strategic alliance with the French utility Compagnie Generale des Eaux and plans to invest £1.1bn in a 35 per cent stake in Cogefel, CGE's telecom subsidiary.

News of the alliance was initially welcomed by the market and the company's shares moved ahead on Thursday. However, a closer look by analysts at implications of the deal triggered a wave of selling yesterday on fears that BT, which is already involved in several European projects, may have made "one deal too many".

The shares relinquished 5% to 395.4, the lowest of 1996. Mr. John McFarlane, BT's chief executive, said the deal was a "strategic move" to strengthen the company's position in the European market.

Analysts at NatWest said: "The main hole in BT's European portfolio has now been plugged, leaving the company exceptionally well positioned for the forthcoming liberalisation."

But they also warned: "The long-term benefits are substantial, but in the medium term, much investment will be required which will be earnings dilutive."

With core earnings under pressure, we continue to see a full medium term earnings outlook.

Pharmaceuticals moved sharply higher yesterday, dragged up by a raft of positive news. Glaxo Wellcome hit a new closing high with a rise of 18 to 994p, Zeneca bounced 33 to 1569p and

SmithKline Beecham improved 16% to 771p. Between them, they accounted for about 8 points of Footsie's rise yesterday.

The most significant development came from Pfizer of the US, which gave approval late on Thursday for the repurchase of up to \$2bn of common stock over the next 24 months. Not only will that boost the company's earnings per share, it will also provide extra cash, much of which will find its way back into the sector.

Second, Zeneca received approval from the US Food and Drug Administration to market Accolite, an asthma treatment, in tablet form. The approval is expected to be worth up to \$300m a year in sales.

Third, Glaxo Wellcome received the go-ahead to sell a lower dose version of Zantac 75, its anti-ulcer treatment, in six European countries.

Underlying these apparently disparate pieces of news is the sector's "defensive" status. The sector has outperformed the market, receiving a lift each time investors become concerned about a possible rise in US interest rates.

However, some analysts believe the strength of some of the sector leaders, particularly Glaxo and Zeneca, might now be discounting any shift in sentiment.

Enterprise rise

Enterprise, the exploration and production group, led the oil sector higher. The shares gained 15 to 553p, a five-year high, after an upbeat speech in the US by Mr. Mike Pink, the group managing director. Speaking at an oil conference in New Orleans, Mr. Pink said the recoverable reserves of the Norwegian Valhall oil field, in which Enterprise has a 28.1 per cent interest, may rise significantly.

"Recoverable reserves are now at 580m barrels and, with continued innovation, our people tell me that future additions may exceed another 200 million barrels," said Mr. Pink.

British Borneo was also a firm feature following news

that it had acquired a further 21 leases in the Gulf of Mexico. The market is also anticipating good news from the company following recent drilling there. The shares lifted 13 to 626p.

Profit-taking, together with continued rumours that TI Group may be considering an acquisition, left the shares trailing 9% to 572p, the worst performers in the Footsie.

In the rest of the engineering, Stobe firm 2 to 1001p, with SBC Warburg stock to have reiterated its "buy" stance on the stock. SGST is also reported to be positive.

Bid speculation in House of Fraser boosted the shares 4% to 161p. Verity Group, which reported a sharp increase in annual profits, advanced 7% to 284p in heavy trading of 34m. Sentiment was also boosted by an upbeat presentation to institutional investors.

Mining group RTZ improved 30 to 877p, the strongest performer in the Footsie, helped by firm copper prices, gains in Australian mining stocks and a short-squeeze in the stock.

Dealing yesterday fell 19 to 489p on the back of negative comments by Multibank, Omnicom and MediaKey earlier this week. Each reported disappointing results and cited slower-than-expected CD-ROM sales.

Shalibane, a producer of specialised engineering products for the European car industry, made a strong market debut on AIM. The shares were marked up at 137.5p, from the placing price of 126p.

Chesterton International dropped 34% to 69p as the property consultancy announced a sharp drop in yearly profits.

Drug development group Shire Pharmaceuticals rose 3% to 190p after moving into the black for only the second time in its ten-year history.

AIM stock Electrochore International rose 12% to 775p after the company said it had acquired a licence to develop a test for Creutzfeldt-Jacob Disease (CJD).

Building materials group J&J Dyson lifted 15 to 222p.

CHIEF PRICE CHANGES

YESTERDAY

Company	Price	Change
ASDA Group	103.4	+0.1
Asda Stores	103.4	+0.1
Asda Stores	103.4	+0.1
Asda Stores	103.4	+0.1
Asda Stores	103.4	+0.1
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Asda Stores	103.4	+0.1
Asda Stores	103.4	+0.1
Asda Stores	103.4	+0.1
Asda Stores	103.4	+0.1

NEW 52 WEEK

HIGHS AND LOWS

Company	High	Low
ASDA Group	103.4	103.4
Asda Stores	103.4	103.4
Asda Stores	103.4	103.4
Asda Stores	103.4	103.4
Asda Stores	103.4	103.4
Asda Stores	103.4	103.4
Asda Stores	103.4	103.4
Asda Stores	103.4	103.4
Asda Stores	103.4	103.4
Asda Stores	103.4	103.4
Asda Stores	103.4	103.4

on the back of a positive statement at the annual meeting.

AGM optimism also helped Real Time Control, the computer software group, rise 20 to 210p.

FT-SE Actuaries Share Indices

The UK Series

Day's

FT-SE 100

FT-SE 100 Index

FT-SE 100 Index

FT-SE 100 Index

FT-SE 100 Index

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FT-SE Actuaries All-Share

Day's

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